



MILLENNIUM

HOTELS AND RESORTS

*More than Meets the Eye*

ANNUAL REPORT 2016





Draw bridge at Auckland Viaduct

# FINANCIAL SUMMARY (2012 - 2016)

	2012	2013	2014	2015	2016
Revenue	\$105.2m	\$119.2m	\$130.1m	\$136.5m	\$172.0m
Profit after tax and NCI	\$46.1m	\$27.1m	\$30.2m	\$21.7m	\$40.4m
Dividend	2.4c	1.2c	2.4c	2.8c	5.0c
Total Assets	\$686.1m	\$719.2m	\$585.4m	\$590.0m	\$713.9m
Group Equity	\$443.3m	\$466.4m	\$371.4m	\$389.3m	\$489.1m
Net Asset Backing per share	126.8cps	133.4cps	234.6cps	245.9cps	308.9cps

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## CALENDAR

Annual Report Issued	29 March 2017
Dividend Paid	19 May 2017
Annual Meeting	Late May 2017
Half Year End	30 June 2017
Interim Results	July/August 2017
Financial Year End	31 December 2017

This report is dated 29 March 2017 and is signed on behalf of the Board of Millennium & Copthorne Hotels New Zealand by:



**HR Wong**  
Chairman



**BK Chiu**  
Managing Director



# CHAIRMAN'S REVIEW

## Financial Performance & Financial Position

The Directors of Millennium & Copthorne Hotels New Zealand Limited ("MCK") are pleased to report a profit attributable to owners of the parent of \$40.4 million (2015: \$21.7 million) for the year ended 31 December 2016.

MCK's revenue for the year increased to \$172.0 million (2015: \$136.5 million) and profit before tax and non-controlling interests totalled \$70.5 million (2015: \$40.0 million). The increases in revenue and profit from 2015 reflects both positive trading conditions in the tourism industry in New Zealand and ongoing positive sales activity from majority-owned CDL Investments New Zealand Limited.

Shareholders' funds excluding non-controlling interests as at 31 December 2016 totalled \$489.1 million (2015: \$389.3 million). Total assets at 31 December 2016 were \$713.9 million (2015: \$590.0 million). Net asset backing (with land and building revaluations and before distributions) as at 31 December 2016 has increased to 308.91 cents per share (2015: 245.9 cents per share). Earnings per share increased to 25.56 cents per share (2015: 13.70 cents per share).

## New Zealand Hotel Operations

Reflecting the current trading environment, revenue for the hotels increased by 9.9% to \$94.6 million (2015: \$86.1 million) and revenue per available room (RevPAR) increased by 14.8% over 2015. Occupancy also increased to 80.7% in 2016 (2015: 77.1%). These increases reflect better sales and marketing initiatives, profit conversions and continued productivity improvements across all business units. Of the owned / operated hotels, Copthorne Hotel & Resort Queenstown Lakefront and Millennium Queenstown were notable for their performance in 2016. The management lease for Grand Millennium Auckland commenced in September 2016 and is proceeding in line with expectations.

As announced in July 2015, Copthorne Hotel Auckland Harbourside was closed for a refurbishment programme and is expected to be completed by the

second quarter of 2017. The hotel will be extensively refurbished and its operations will be appropriately repositioned as the M Social Auckland.

## Canterbury Update

MCK's remaining insurance claims for its chattels and property relating to Millennium Hotel Christchurch were settled during the year. MCK is actively considering development and rebuild options for its former Copthorne Hotel Christchurch Central site on Colombo Street with a view to commencing works in the medium term.

## CDL Investments New Zealand Limited ("CDLI")

CDLI continued to perform strongly and announced a record operating profit after tax for the year ended 31 December 2016 of \$27.0 million (2015: \$17.5 million). CDLI's sections continue to be in high demand particularly in Auckland and Canterbury.

As a result CDLI increased its ordinary dividend to 3.0 cents per share (2015: 2.2 cents per share). MCK's stake in CDLI reduced slightly to 66.70% as a result of MCK taking its dividend in cash and not shares.

## Australia Update

In Australia, the occupancy at the Zenith residences was high at 98% while the litigation affecting a wholly-owned subsidiary was settled out of court during the year.

## Dividend Announcement

Reflecting its positive results in 2016, MCK has resolved to declare and pay all shareholders a fully imputed dividend of 5.0 cents per share (2015: 2.8 cents per share) which represents a 78.6% increase over the 2015 dividend. The Board has chosen to increase MCK's dividend once more as it remains confident as to MCK's ability to deliver consistent results and returns from its business units.

The dividend, payable to all shareholders, will be paid on 19 May 2017. The record date will be 12 May 2017.

## Outlook

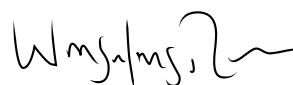
2017 will be another exciting year for MCK as it will mark the opening of M Social Auckland in the second half after extensive refurbishment. The financial impact of having Grand Millennium Auckland for a full year will also be reflected in our results.

We expect to benefit from the growing tourism interest in New Zealand and the Lions Rugby Tour. We also expect strong sales activity at CDL Investments to continue which will also assist our profitability.

Given all of these factors, we aim to exceed our 2016 trading results in 2017.

## Management and staff

On behalf of the Board, I wish to thank the Company's management and staff for their hard work and commitment to the Company during the last twelve months and for delivering another exceptional result.



**Wong Hong Ren**  
Chairman



## A GRAND WELCOME

2016 was the year we welcomed a new hotel to the Millennium, Copthorne and Kingsgate group of hotels. The Grand Millennium Auckland is the first Grand Millennium hotel in New Zealand and the largest hotel in the country. The hotel contains 452 rooms and suites, as well as the 830 square metre Grand Ballroom. It is also home to some of Auckland's finest Japanese cuisine at Katsura Restaurant, located inside the hotel.

  
GRAND  
MILLENNIUM  
AUCKLAND



Grand Millennium Ballroom



Katsura Japanese Restaurant



# SHOWCASING NEW ZEALAND INTERNATIONALLY



*Alison Smith (pictured left), Director of Conferences & Incentives at AIME, Melbourne.*



*Brendan Davies - Director Of International Sales & Marketing with wholesale travel agents attending Kiwilink South America, Buenos Aries, Argentina, September 2016.*



*MCK's Mat Shaw, Account Manager showcasing New Zealand at 'Les journées du tourisme de la NZ' in Tahiti, French Polynesia.*



*Alison Smith (pictured back row, second from the left), Director of Conferences & Incentives at IMEX America 2016, Las Vegas.*



# MANAGING DIRECTOR'S REVIEW

Two words describe how our overseas visitors see and experience New Zealand - **natural beauty**. Many of our visitors come from busy and densely populated cities and they marvel at New Zealand's clean air and our pastoral heritage, from open green farmland to iconic walking trails in both North and South Islands. Then top it off with the relaxed hospitality of New Zealanders. Interestingly most visitors do not know that 80% of our electricity comes from renewable resources.

Every year, MCK goes to overseas countries promoting New Zealand, reinforcing the country's "100% Pure" reputation. Our sales teams visit countries in Europe, Asia, Canada, USA, Australia and recently Tahiti. Together with industry stakeholders we are developing newer markets in South America and lesser known market segments in Asia. Tourism has its cycles. This market development will eventually help diversify New Zealand's dependence on traditional countries and between peak seasons. Naturally in our promotions overseas, we showcase New Zealand's natural beauty, the people, the lifestyle and culture. Just as we bring New Zealand to the countries we visit, what better way to also showcase New Zealand when they stay with us. This could be in the food and beverage that

we serve. New Zealand is renowned for its agriculture, horticulture and the R&D in these fields. In this year's annual report, we feature two less well known horticultural produce that New Zealand exports besides apples and kiwifruit. These are persimmons and feijoas. We plan to promote these two fruits in our hotels similar to our promotion of green-lipped mussels with Aquaculture New Zealand. This is part and parcel of the whole unique New Zealand visitor experience. What an opportunity to showcase to many visitors coming from the other side of the world and for them then to be ambassadors be it by word of mouth or on modern instant social media. In time it can become a self-generating model for Tourism New Zealand.

The benefits and economic linkages from increased visitor numbers and their expenditure flow through many sectors of the economy as they affect employment and the lives of many. The list of sectors benefiting from this tourism uplift is a long one including air transport, retail, vehicle rental, taxis, sales of diesel and petrol, accommodation, entertainment, recreation, food and beverage to name a few. A cruise ship docking in Auckland may not significantly contribute to increased accommodation there but can

have many direct and indirect benefits accruing to local businesses such as provedoring, scenic tours, taxis, F&B and even air travel as cruise passengers fly to Auckland to join the cruise and vice versa. The Tourism Satellite Account produced by Statistics New Zealand is an invaluable tool in measuring the tourism contributions to the New Zealand economy both with respect to GDP, employment and income. Policy makers at local council and central levels will be well served with this report. The New Zealand 2016 Tourism Satellite Account reported that 188,000 people or 7.5% of the work force were directly in tourism. From the same report on tourist expenditure of \$35 billion, 8% (\$2.6 billion) was spent on accommodation, 35% (\$11.1 billion) was related to retail sales, 29% spent on passenger transport and central government collected \$2.8 billion in GST. This pattern of tourist expenditure is similar in Auckland.

The Auckland Council's recent 2017 proposal to hike rates to accommodation providers by two and a half times is disconcerting. It is a zero-sum mentality. We urge local council and central government policy makers to adhere to the principle of equitable treatment, rather than discriminating against accommodation providers to pay disproportionately to the benefits they might receive.



Millennium & Copthorne Hotels New Zealand Limited is a proud supporter of NZ growers - green-lipped mussels (far left), persimmons (middle) and feijoas (right)



*Smaller nations like New Zealand must expect the wise use of limited public funds, disciplined analysis, avoiding waste and duplication. Who calls time out when ratepayer funds are used to buy tickets to a free show? There must be transparency and accountability to these funding initiatives.*

Tourism numbers in 2016 have seen an uplift which is most welcome news for an industry which has seen the ups and downs for the past 20 years. The impact of the 2008 Global Financial Crisis is not far from industry players' memories, neither are recent events of natural disasters and global epidemic warnings. It was only in the past two years that the uplift was evident in the tourism locations of Auckland, Rotorua and Queenstown. How does the industry minimise the effects of an eight to ten year up and down tourism cycle? What then is New Zealand's model for tourism and sustainable growth? How do we manage levels of growth that we can live with as tourism also makes demands on local infrastructure and the environment? How are public funds allocated, how well are they utilised and how is accountability demonstrated? Are there measures and checks on goals achieved notably with public funds? Smaller nations like New Zealand must expect the wise use of limited public funds and disciplined analysis to avoid waste and duplication. Who calls time out when ratepayer funds are used to buy tickets to a free show? There must be transparency and accountability to these funding initiatives.

As the demographics and diversity of our employees change so do their

expectations. Tourism growth and the increasing costs of living notably in Auckland and Queenstown have both added challenges to the training and retention of staff. One change is that E-learning is now an effective way of training at MCK. We remain committed to the development, coaching and mentoring of our employees.

An integral part of hotel ownership is the ongoing maintenance and improvement of assets with capital expenditure investments. Over the past ten years, MCK has undertaken a consistent plan of refurbishments. This includes the conversion of the Kingsgate hotels in Wellington, Queenstown, Palmerston North and Rotorua to the four star Copthorne brand. This programme of improvements to our hotels has seen the group rewarded with better products, occupancy and RevPAR. These have been timely in the past two years with the uplift in tourism numbers. The latest investment is the conversion of the former Copthorne Hotel, Harbour City on Quay Street in Auckland to the new M Social Auckland. It is the largest single refurbishment we have undertaken. M Social Auckland is planned to reopen in the second half of 2017. It is designed as a contemporary hotel with friendly technology for those who choose to use it and not be befuddled by it either. Its

CBD harbour front location with north facing views to the Waitemata harbour is unique. The Auckland CBD urban landscape is also changing as more choose to live in apartments. While a comfortable good night's sleep is a must, we want to fit into the lifestyle of those who live, work and play in our neighbourhood and wider community. Above all, M Social's personality will demonstrate the human and personal touches to service as well as guest experience.

Last September MCK successfully transitioned the largest hotel in New Zealand at 71 Mayoral Drive renaming it the Grand Millennium Auckland. With 452 rooms, the 830 square metre Grand Ballroom and MCK's network across business and leisure markets, Grand Millennium Auckland will further contribute to incremental growth.

2016 was an eventful year for MCK. I would like to commend all our staff at MCK for delivering these results. We have a purposeful team where the process is as important as the results, where shared values, diversity and accountability add to the intrinsic satisfaction of achievement. Thank you all and I look forward to another year of achievements together.



**B K Chiu**  
Managing Director



MCK team photo at the opening of Grand Millennium Auckland.



# AMBASSADORS OF EXCELLENCE



*New Zealand beef and lamb is renowned throughout the world for its quality and taste. The Excellence Awards are designed to acknowledge a consistently high standard of beef and lamb cuisine. Whenever you see the Beef and Lamb Excellence Award, you can expect tasty, skilfully composed and superbly presented beef and lamb dishes.*

*We are delighted that 5 of our restaurants at various locations around New Zealand have been selected as ambassadors for this prestigious award. Our proud ambassadors are as below:*



## **JIMMY COOK'S KIWI KITCHEN**

Copthorne Hotel  
Palmerston North

## **JIMMY COOK'S KIWI KITCHEN**

Copthorne Hotel & Resort  
Bay of Islands, Paihia



## **ONE80 RESTAURANT**

Copthorne Hotel  
Oriental Bay, Wellington

## **EDGEWATER RESTAURANT**

Millennium Hotel & Resort  
Manuels, Taupo

## **THE GRILL**

Copthorne Hotel & Resort  
Solway Park, Wairarapa



Johnny Coulter, head chef at Jimmy Cook's Kiwi Kitchen (inside Copthorne Bay of Islands, Paihia) is an ambassador of the 2016 Beef & Lamb Excellence Awards.



Chetan Pangam, executive chef at One80 Restaurant (inside Copthorne Wellington, Oriental Bay) was named the NZ Ora King Ambassador for 2016.

# DIRECTORS' PROFILES

## **WONG HONG REN (Chairman & Non-Executive Director)**

Mr. Wong is currently the Chief Executive of City e-Solutions Limited and was Executive Director and Chief Executive Officer of Millennium & Copthorne Hotels plc until February 2015. He is widely experienced in investment analysis, international capital markets and mergers and acquisitions transactions as well as post-acquisition management re-organisation matters. He is also Chairman of CDL Investments New Zealand Limited and M&C REIT Management Limited.

Mr. Wong was last re-elected to the Board at the 2016 annual meeting of shareholders.

## **B K CHIU (Managing Director & Member of Audit Committee)**

Mr. Chiu is also the Managing Director of CDL Investments New Zealand Limited. Prior to joining the company, Mr. Chiu was Regional Vice - President and Managing Director, Asia of Merisant Company. He holds a Masters degree in agricultural economics and marketing from Massey University, Palmerston North.

Mr. Chiu was last re-elected to the Board at the 2012 annual meeting of shareholders.

## **ALOYSIUS LEE (Non-Executive Director)**

Mr. Lee is currently Executive Director and Group Chief Executive Officer of Millennium & Copthorne Hotels plc. Mr Lee was previously the Chief Executive Officer of South Beach Consortium Pte Ltd., a joint venture established by City Developments Limited and other parties to create a mixed use real estate development in Singapore. Prior to that, Mr Lee held senior leadership positions at Shui On Land, Hong Kong Telecom, Star Cruises and Singapore Airlines. He is a fellow of both the Chartered Management Institute and the Chartered Institute of Marketing, and holds a Masters degree in Business Administration from the University of Hong Kong. He also has management qualifications from Harvard University and the University of Hawaii.

Mr. Lee retired from the Board on 28 February 2017.

## **KEVIN HANGCHI (Non-Executive Director - appointed with effect 1 January 2016)**

Mr. Hangchi is currently Senior Vice President, Hong Leong Management Services Pte. Limited. He has global transactional experience across many of the Hong Leong Group's entities including listings and public offerings, mergers and acquisitions as well as capital markets issuances and banking facilities. Mr. Hangchi has been called to the English and Singaporean bars and holds an honours degree in Accountancy and Law from the University of Southampton.

Mr. Hangchi was elected to the Board at the 2016 annual meeting of shareholders.

## **RICHARD BOBB (Independent Director, Chair of the Audit Committee)**

Mr. Bobb is a Chartered Accountant and Chartered Tax Advisor with over thirty five years' experience. He is currently a member of the Professional Conduct Appeals Tribunal Chartered Accountants in Australia and New Zealand (formerly known as the Institute of Chartered Accountants in Australia) and was a member of New South Wales Joint State Taxes Committee of Chartered Accountants ANZ and CPA Australia. He was also a member and past Chairman of the Joint Legislation Review Committee and a member and past Chairman the Legislation Review Board of Chartered Accountants ANZ and CPA Australia. He is admitted as a Barrister in New South Wales and holds a Bachelor Commerce degree from the University of NSW, a Diploma in Law from the Barristers Admission Board (NSW) and a Master of Laws from the University of Sydney. He also holds a Graduate Diploma in Applied Finance and Investment from the Securities Institute of Australia (now known as the Financial Services Institute of Australasia ("FINSIA")) and is a Fellow of FINSIA.

Mr. Bobb was last re-elected to the Board at the 2016 annual meeting of shareholders.

## **GRAHAM MCKENZIE (Independent Director, Member of the Audit Committee)**

Mr. McKenzie is a Barrister and Solicitor with over thirty years experience in corporate and commercial law and is a former Partner and Consultant to Bell Gully, a leading New Zealand law firm. He is currently a member of the New Zealand Law Society Disciplinary Tribunal. Mr. McKenzie is a member of the New Zealand Law Society and the Queensland Law Society, Australia and holds a Bachelor of Laws degree from Victoria University, Wellington and a Master of Laws degree from Warwick University, England. Mr. McKenzie was a Director of CDL Investments New Zealand Limited from 2005 to 2006.

Mr. McKenzie was last re-elected to the Board at the 2015 annual meeting of shareholders.



# HOTEL OWNERSHIP

## MILLENNIUM & COPTHORNE HOTELS NEW ZEALAND LIMITED

### OWNED

Millennium Hotel Rotorua  
M Social Auckland  
(scheduled to open in 2017)  
Copthorne Hotel & Resort Bay of Islands (49%)  
Copthorne Hotel & Resort Queenstown Lakefront  
Kingsgate Hotel Greymouth  
Kingsgate Hotel Te Anau

## QUANTUM LIMITED

### OWNED

Millennium Hotel Queenstown  
Copthorne Hotel Auckland City  
Copthorne Hotel Rotorua  
Copthorne Hotel Palmerston North  
Copthorne Hotel Wellington Oriental Bay  
Copthorne Hotel & Apartments Queenstown Lakeview  
Kingsgate Hotel Dunedin

### FRANCHISED

Millennium Hotel & Resort Manuels Taupo  
Copthorne Hotel & Resort Hokianga  
Copthorne Hotel Grand Central New Plymouth  
Copthorne Hotel & Resort Solway Park Wairarapa  
Kingsgate Hotel The Avenue Wanganui

## HOSPITALITY SERVICES LIMITED

### MANAGED/FRANCHISED

Grand Millennium Auckland  
Kingsgate Hotel Autolodge Paihia

# CORPORATE GOVERNANCE

As an NZX Main Board listed company, Millennium & Copthorne Hotels New Zealand Limited (MCK) is committed to maintaining high standards of corporate governance in line with best practice. MCK has adopted the corporate governance practices prescribed in the NZX Corporate Governance Best Practice Code (NZX Code) in Appendix 16 to the NZX Main Board and Debt Market Listing Rules (the Listing Rules), except where specifically noted otherwise below, and has had regard to the Corporate Governance Principles and Guidelines from the Financial Markets Authority.

Our Corporate Governance policies and processes are as follows:

## ROLE AND FUNCTION OF THE BOARD OF DIRECTORS

The Board has overall control and oversight of the business activities, the strategic direction and the governance of MCK and its subsidiaries. The Board looks at control and oversight of the company's businesses, risk management and compliance, management performance, approving and monitoring financial and other reports, and capital expenditure and shareholder reporting. The Board approves MCK's budgets, business plans as well as significant projects and has statutory obligations for certain other matters, such as the payments of distributions and the issue of shares.

### Attendances of Directors

Board meetings are generally held quarterly with additional meetings convened when required. Decisions are made by consensus

Director	Meetings Attended
H R Wong (Chair) .....	2/3
B K Chiu .....	3/3

K Hangchi .....	3/3
ATS Lee .....	2/3
R Bobb .....	3/3
G A McKenzie .....	2/3

Certain powers are delegated to Board Committees. Day-to-day management is delegated to the Managing Director and senior management. The levels of authority are approved by the Board.

## BOARD COMPOSITION

During 2016, MCK's Board consisted of Messrs H R Wong (Chairman / Non-Executive Director), B K Chiu (Managing Director), A T S Lee (Non-Executive Director), V W E Yeo (Non-Executive Director), R Bobb (Independent Director) and G A McKenzie (Independent Director). Mr Kevin Hangchi was appointed with effect from 1 January 2016 replacing Mr Vincent Yeo. MCK's Constitution and the Listing Rules require a minimum number of 3 directors with a requirement that at least 2 be ordinarily resident in New Zealand.

All Directors must act in the best interests of the company and exercise independent and unfettered judgement. All Directors must carry out their duties with integrity and honesty and participate in open and constructive discussions.

The Board does not impose a restriction on the tenure of any Director as it considers that such a restriction may lead to the loss of experience and expertise from the Board.

In line with the Listing Rules, MCK is required to have at least two Independent Directors and the Board is also required to determine who the Independent Directors are (Listing Rules 3.3.1 and 3.3.2). The Board has determined

that Messrs Bobb and McKenzie are both Independent Directors as neither has a Disqualifying Relationship (as that term is defined in the Listing Rules). Messrs Wong, Chiu, Lee, Yeo and Hangchi are not considered by the Board to be Independent Directors.

## BOARD COMMITTEES

MCK currently has an Audit Committee, a Continuous Disclosure Committee and a Due Diligence Committee. Other ad-hoc committees as constituted as required.

### Audit Committee

Pursuant to Listing Rule 3.6, MCK maintains an Audit Committee. Its responsibilities include monitoring accounting policies and financial reporting, internal controls, risk management and corporate governance. The Committee also engages MCK's external auditors and monitors their independence. The Committee has a written charter outlining its role and responsibilities.

During 2016, the members of this Committee were Messrs Bobb (Chair), McKenzie and Chiu. As Mr Chiu is MCK's Managing Director, MCK does not comply with the requirement under the NZX Code which states that the Audit Committee should comprise solely of non-executive directors of the company.

### Attendance at Audit Committee

Director	Meetings Attended
R Bobb (Chair) .....	2/2
B K Chiu .....	2/2
GA McKenzie .....	2/2





Lake Waikaremoana, "Sea of Rippling Waters" - a spectacular treasure of New Zealand with great walks. Image credit: www.themissingyear.com

### Nomination Committee

MCK does not have a Nominations Committee. All nominations for the Board are considered by the Board as a whole. All Directors are involved in the selection and appointment process for any new Board members. The Board reviews its composition from time to time to ensure that it is equipped with appropriate experience and skills.

### Remuneration Committee

The Board does not have a Remuneration Committee. The Board considers its current level of remuneration sufficient to meet its current requirements. The Board last recommended to shareholders an increase in the total amount available for Directors fees in 1996.

The remuneration of the Managing Director and senior management is reviewed annually by the Board. The Group has a performance-based approach to remuneration and remuneration reviews are linked to and carried out after performance reviews.

### Continuous Disclosure Committee

MCK is committed to its obligations to inform shareholders and market participants of all material information that might affect the price of its listed securities in accordance with the Listing Rules and the Financial Markets Conduct Act 2013.

MCK's Board has adopted a continuous disclosure policy (the Policy) which applies to MCK, its subsidiaries ("Group"), and all their respective directors and employees. The Board has appointed the Chairman, the Chairman of the Audit Committee, the Managing Director, the Group Company Secretary and the Vice President Finance to act as MCK's continuous disclosure committee (the Disclosure Committee). A quorum of the

Disclosure Committee shall consist of no less than three (3) of these persons.

The Disclosure Committee is responsible for:

- Determining what information amounts to material information and must be disclosed;
- Determining the timing of disclosure of any information in accordance with the Policy;
- Approving the content of any disclosure to NZX (including matters not directly covered by the Policy);
- Ensuring that all employees and directors within the Group whom the Committee considers appropriate receive a copy of the Policy and appropriate training with respect to it;
- Developing mechanisms designed to identify potential material information (e.g. agenda item on management meetings); and
- Liaising with legal advisers in respect of MCK's compliance with its continuous disclosure obligations.

The key points from the Policy are:

- No person may release material information concerning MCK to any person who is not authorised to receive it without the approval of the Disclosure Committee.
- The Board will consider at each Board meeting whether there is any information that may require disclosure in accordance with the Policy, and will note any disclosures made subsequent to the prior meeting. Any employee or director of MCK must inform a member of the Disclosure Committee as soon as

practicable after that person becomes aware of any material information.

- The Policy includes a list of incidents which should be disclosed to a member of the Disclosure Committee. The Disclosure Committee must confer, decide whether disclosure is required, and coordinate disclosure of any material information in a form specified by the Listing Rules as soon as practicable after it becomes aware of the existence of material information, unless it determines:
  - a a reasonable person would not expect the information to be disclosed; and
  - b the information is confidential and its confidentiality is maintained; and
  - c one or more of the following applies:
    - i it would breach the law to disclose the information; or
    - ii the information concerns an incomplete proposal or negotiation; or
    - iii the information comprises matters of supposition or is insufficiently definite to warrant disclosure; or
    - iv the information is generated for internal management purposes of MCK or its subsidiaries; or
    - v the information is a trade secret.

The Disclosure Committee will ensure that all Board members, not already aware of the information, are promptly provided with it.

- The Disclosure Committee is responsible for MCK's obligations under the Listing Rules to release material information to NZX to the extent necessary to prevent development or subsistence of a market for its listed securities which is materially influenced by false or misleading information emanating from the issuer or any associated person of the issuer; or other persons in circumstances in each case which would give such information substantial credibility.
- All employees of MCK, as soon as practicable after becoming aware of a rumour or speculation that is "generally available to the market", must disclose the existence of that rumour or speculation to a member of the Disclosure Committee.
- The Disclosure Committee is also responsible for co-ordinating MCK's responses to leaks and inadvertent disclosures. Even in the event that leaked or inadvertently disclosed information is not price sensitive, the Disclosure Committee should consider whether the information should be released to NZX via its market announcement platform in order to provide investors with equal access.
- All external communications by MCK must comply with this Policy, any media policy and the Company's rules with respect to confidential information. No material information is to be disclosed to such persons before it is released to NZX.
- Slides and presentations used in briefings should be released to NZX for immediate release to the market.

MCK requires all of its Directors and employees to comply with the Policy. The Disclosure Committee is responsible for ensuring that the Policy is complied with and for investigating any breach of the Policy. A deliberate or reckless breach of the Policy may result in the summary dismissal of the employee who deliberately or recklessly breaches the Policy, and a breach of the Policy or any relevant law may also attract civil or criminal legal penalties.

### CODE OF ETHICS

MCK is committed to conducting its business in accordance with the highest standards of ethical behaviour and the board has a Code of Ethics. This states that:

- All Directors shall undertake their duties with due care and diligence at all times and will conduct themselves honestly and with integrity. All Directors shall not do anything, or cause anything to be done, which may or does bring the Company or the Board into disrepute.
- To the best of their ability, all Directors will use reasonable endeavours to ensure that the Company's records and documents (including its financial

reports) are true and complete and comply with the requisite reporting standards and controls.

- So that the Board may determine a Director's independence and to ensure that there are no conflicts of interest, all Directors shall disclose all relevant business and / or personal interests they may have to the Board as well as any relationships they may have with the Company.
- All Directors shall ensure that they do not support any organisation other than in a personal capacity without the prior approval of the Chairman.
- Directors shall not accept gifts or personal benefits from external parties if it could be perceived that this could compromise or influence any decision by the Board or by the Company.
- All Directors shall maintain and protect the confidentiality of all information about MCK at all times except where disclosure is permitted or required by law.
- All Directors shall ensure that they do not use Company information and property for personal gain or profit. All Directors shall use and / or retain Company information and property only for business purposes in their capacity as Directors of the Company or to meet legal obligations.
- All Directors shall comply with the laws and regulations that apply to MCK including any disclosure requirements.
- All Directors shall report any illegal or unethical behaviour of which they become aware to the Chairman of the Board and to the Chairman of the Audit Committee.

All of our employees are expected to act in the best interests of the Company and to enhance the reputation of the Company. Guidance is provided to management and employees by way of code of conduct policies. The Company believes in fair dealing with its customers and suppliers, shareholders, employees and other stakeholders and external third parties.

MCK has a current Insider Trading Policy which applies to Directors and Officers and a Whistleblowing Policy which extends to all management and employees. The Whistleblowing Policy facilitates the disclosure and impartial investigation of any serious wrongdoing. This policy advises employees of their right to disclose serious wrongdoing, and sets out the Company's internal procedures for receiving and dealing with such disclosures. The policy is consistent with, and facilitates, the Protected Disclosures Act 2000 and is supported by the Board.

### EXTERNAL AUDITORS AND AUDITOR INDEPENDENCE

MCK has a policy regarding auditor independence which covers:

- provision of services by MCK's external auditors;
- external auditor rotation;
- the hiring of staff from the external audit firm; and
- relationships between the external auditor and MCK.

The policy states that:

The Audit Committee shall only recommend to the Board a firm to be external auditor if that firm:

- would be regarded by a reasonable investor, with full knowledge of all relevant facts and circumstances, as capable of exercising objective and impartial judgment on all issues encompassed within the auditor's engagement;
- audit partner's are members of Chartered Accountants Australia New Zealand (CAANZ);
- has not, within two years prior to the commencement of the audit, had as a member of its audit engagement team MCK's Managing Director, Vice President Finance, Financial Controller, or any member of the Company's management who act in a financial oversight role.
- does not allow the direct compensation of its audit partners for selling non-audit services to MCK.

The general principles to be applied in assessing non-audit services are as follows:

- a) the external auditor should not have any involvement in the production of financial information or preparation of financial statements such that they might be perceived as auditing their own work. This includes the provision of bookkeeping and payroll services as well as valuation services where such valuation forms an input into audited financial information;
- b) the external auditor should not perform any function of management, or be responsible for making management decisions;
- c) the external auditor should not be responsible for the design or implementation of financial information systems; and
- d) the separation between internal audit and external audit should be maintained.

MCK's Audit Committee shall pre-approve all audit and related services that are to be provided by the auditor. Aside from core external audit services, it is appropriate for the MCK's auditors to provide the following services:

- due diligence (but not valuations) on proposed transactions;
- review of financial information where



third party verification is required or deemed necessary (outside the normal audit process);

- completion audits / reviews;
- financial model preparation or review;
- accounting policy advice (including opinions on compliance with New Zealand and international Generally Accepted Accounting Practice);
- listing advice;
- accounting/technical training; and
- taxation services of an assurance nature (e.g. review of tax computations and returns prior to filing and advice on interpretation and application of Inland Revenue's rulings and policies).

It is not considered appropriate for MCK's external auditors to provide:

- book keeping services related to accounting records or financial statements;
- tax planning and strategy services unless specifically approved by the Audit Committee;
- appraisal / valuation services including opinions as to fairness;
- provision of payroll services;
- the design or implementation of financial information systems;
- outsourced internal audit and risk management services;
- legal services (these are services that could only be provided by a person who is qualified in law);
- management functions;
- broker / dealer / investment adviser / investment banking services;
- advocacy for the Company;
- actuarial services; and
- assistance in the recruitment of senior management.

These prohibitions apply to all offices of the audit firm, including overseas offices and affiliates.

The billing arrangements for services provided by MCK's external auditors should not include any contingent fees.

It is expected that the MCK's external auditors will rigorously comply with their own internal policies on independence and all relevant professional guidance, including independence rules and guidance issued by CAANZ.

While this policy does not prescribe any particular ratio of non-audit service fees to audit fees, this ratio will be monitored by the Audit Committee. Accordingly, the nature of services provided by MCK's auditors

and the level of fees incurred should be reported to the Audit Committee Chairman semi-annually (or sooner where requested) to enable the Committee to perform its oversight role and report back to the Board.

Development of local and overseas practice with regard to auditor independence shall be monitored by the Audit Committee to ensure that this policy remains consistent with best practice and meets the Company's needs.

The continued appointment of MCK's external auditors is to be confirmed annually by the Board on recommendation from the Audit Committee.

Rotation of the lead audit partner or firm will be required every five years. Lead audit partners who are rotated will be subject to a 2 year cooling off period (i.e. 2 years must expire between the rotation of an audit partner and that partner's next engagement with the Company). Accordingly it is expected that such a policy will be adopted by MCK's auditors.

The hiring by MCK of any former lead audit partner or audit manager must first be approved by the Chairman of the Audit Committee. There are no other restrictions on the hiring of other staff from the audit firm.

KPMG were appointed as external auditors to MCK in 1985. The lead external audit engagement partner was rotated in 2013. The role of the external auditor is to plan and carry out an audit of MCK's annual financial reports and review the half-yearly reports. The Audit Committee reviews the performance and independence of the external auditors.

MCK's external auditors attend the Company's Annual Meeting to answer any questions from shareholders as to the audit and the content of the report.

#### DIVERSITY POLICY

MCK is committed to pursuing a culture of diversity within the Company. As a hospitality company hosting guests from around New Zealand and the world, we recognise the importance of supporting and valuing every employee as well as the promotion of acceptance and inclusion in the workplace.

MCK is proud to have a workforce of diverse cultures, nationalities and talented and motivated people.

Pursuant to NZX Main Board Listing Rule 10.4.5(j), set out below is a quantitative breakdown of the gender composition of the Company's directors, officers, hotel managers and other permanent employees as at 31 December 2016:

#### OCCUPATIONAL HEALTH AND SAFETY

We are tertiary accredited under the Workplace Safety Management Programme (WSMP) with ACC (Accident Compensation Corporation) and have been since 2001. Tertiary accreditation recognises best practice across all aspects of workplace health and safety.

#### Gender composition by number and percentage

Position	2016		2015	
	Male	Female	Male	Female
Directors	6 (100%)	0 (0%)	6 (100%)	0 (0%)
Officers*	8 (73%)	3 (27%)	6 (67%)	3 (33%)
Hotel managers	11 (73%)	4 (27%)	10 (83%)	2 (17%)
Permanent employees	496 (42%)	691 (58%)	366 (39%)	582 (61%)

\* Officers comprise the Company's Managing Director / CEO and his direct reports.

#### INTERNAL CONTROLS AND RISK MANAGEMENT

MCK has a series of internal controls in place covering such areas as financial monitoring and reporting, human resources and risk management. The primary responsibility for monitoring and reporting against internal controls and remedying any deficiencies lies with Management. MCK has an internal audit function to conduct audits and reviews of the Company's operations. MCK also keeps current insurances appropriate to its business with global insurers with a high prudential rating.

#### SHAREHOLDER COMMUNICATIONS

MCK is committed to providing shareholders and stakeholders with information on its activities and performance. MCK does this through a number of channels including:

- announcements in accordance with continuous disclosure as required under the Listing Rules;
- publication of the company's annual and interim reports which are sent to all shareholders and also made available through the company's website [www.millenniumhotels.co.nz](http://www.millenniumhotels.co.nz); and
- encouraging shareholders to attend the Annual Meeting to hear the Chairman and the Managing Director provide updates on the company's performance, ask questions of the Board and vote on the resolutions to be determined at the meeting.



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## ABOUT THE HOTEL

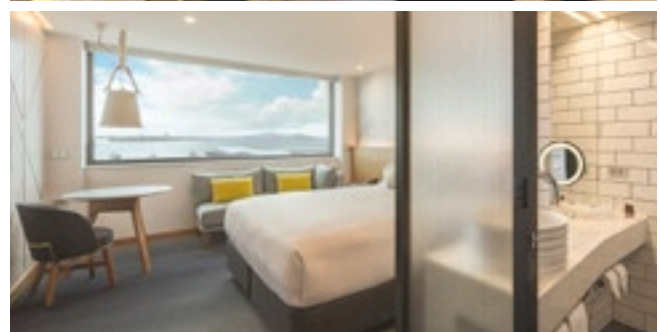
Formerly Copthorne Harbour City, the hotel is nearing completion of a total refurbishment and rebuild programme. Upon opening in the second half of 2017, this first lifestyle hotel in Auckland will be under the M Social brand.

M Social is a “lifestyle” hotel, built around the design experience; it offers contemporary form and function with custom-made areas that provide a seamless transition from business to pleasure. M Social Auckland is located on one of Auckland’s prime CBD waterfront locations.

All of the hotel’s 190 accommodation rooms have harbour views. Guests can be socially connected online and offline with complimentary Wi-Fi and the latest on property technology. Flexible and adaptable are the many areas of M Social Auckland, from the fitness centre, electric car charging posts, keyless entry and a dedicated guest zone. A garden of indigenous plants to the region has been replicated. On the first level are the meeting rooms and “think tanks” with the latest communication and presentation interfaces.

With an outdoor patio extending directly to vibrant Quay Street, guests will be relaxed and feel part of the local community. Guests can socialise and have fun at “Beast & Butterflies” the hotel’s Restaurant and Bar. Designed to evolve in the course of a typical day, the gastronomic repertoire offers outstanding cuisine including a signature continental breakfast, in-house delicatessen, Asian inspired street food menu and A la Carte dining featuring unique New Zealand flavours of locally sourced fresh produce and seafood.

M Social Auckland will constantly evolve, embracing its neighbourhood and local culture. A meeting place where people who “live, work and play” in the area will be able to gather and share new experiences.





# MILLENNIUM HOTELS & RESORTS IN NEW ZEALAND



## MILLENNIUM COLLECTION

### 1. Grand Millennium Auckland

71 Mayoral Drive, Auckland  
Phone +64 6 366 3000  
grandmillennium.auckland@millenniumhotels.co.nz

### 2. Millennium Hotel Rotorua

Cnr Eruera & Hinemaru Streets, Rotorua  
Phone +64 7 347 1234  
Fax +64 7 348 1234  
millennium.rotorua@millenniumhotels.co.nz

### 3. Millennium Hotel & Resort Manuels Taupo

243 Lake Terrace, Taupo  
Phone +64 7 378 5110  
Fax +64 7 378 5341  
millennium.taupo@millenniumhotels.co.nz

### 4. Millennium Hotel Queenstown

Cnr Frankton Road & Stanley Street, Queenstown  
Phone +64 3 450 0150  
Fax +64 3 441 8889  
millennium.queenstown@millenniumhotels.co.nz



## LENG'S COLLECTION

### 1. M Social Auckland

196 - 200 Quay Street, Auckland 1010



## COPTHORNE COLLECTION

### 1. Cophorne Hotel & Resort Bay of Islands

Tau Henare Drive, Paihia  
Phone +64 9 402 7411  
Fax +64 9 402 8200  
cophorne.bayofislands@millenniumhotels.co.nz

### 2. Cophorne Hotel & Resort Hokianga

S.H 12 Omapere, Hokianga  
Phone +64 9 405 8737  
Fax +64 9 405 8801  
cophorne.hokianga@millenniumhotels.co.nz

### 3. Cophorne Hotel Auckland City

150 Anzac Avenue, Auckland  
Phone +64 9 379 8509  
Fax +64 9 379 8582  
cophorne.aucklandcity@millenniumhotels.co.nz

### 4. Cophorne Hotel Rotorua

Fenton Street, Rotorua  
Phone +64 7 348 0199  
Fax +64 7 346 1973  
cophorne.rotorua@millenniumhotels.co.nz

### 5. Cophorne Hotel Grand Central New Plymouth

42 Powderham Street, New Plymouth  
Phone +64 6 758 7495  
Fax +64 6 758 7496  
cophorne.newplymouth@millenniumhotels.co.nz

### 6. Cophorne Hotel Palmerston North

110 Fitzherbert Avenue, Palmerston North  
Phone +64 6 356 8059  
Fax +64 6 356 8604  
cophorne.palmerston@millenniumhotels.co.nz

### 7. Cophorne Hotel & Resort Solway Park Wairarapa

High Street, South Masterton  
Phone +64 6 370 0500  
Fax +64 6 370 0501  
reservations@solway.co.nz

### 8. Cophorne Hotel Wellington Oriental Bay

100 Oriental Parade, Wellington  
Phone +64 4 385 0279  
Fax +64 4 384 5324  
cophorne.orientalbay@millenniumhotels.co.nz

### 9. Cophorne Hotel & Resort Queenstown Lakefront

Cnr Adelaide Street and Frankton Road, Queenstown  
Phone +64 3 450 0260  
Fax +64 3 442 7472  
cophorne.lakefront@millenniumhotels.co.nz

### 10. Cophorne Hotel & Apartments Queenstown Lakeview

88 Frankton Road, Queenstown  
Phone +64 3 442 7950  
Fax +64 3 442 8066  
cophorne.lakeview@millenniumhotels.co.nz

### 11. Kingsgate Hotel Autolodge Paihia

Marsden Road, Paihia  
Phone +64 9 402 7416  
Fax +64 9 402 8348  
kingsgate.paihia@millenniumhotels.co.nz

### 12. Kingsgate Hotel The Avenue Wanganui

379 Victoria Avenue, Wanganui  
Phone +64 6 349 0044  
Fax +64 6 345 3250  
kingsgate.wanganui@millenniumhotels.co.nz

### 13. Kingsgate Hotel Greymouth

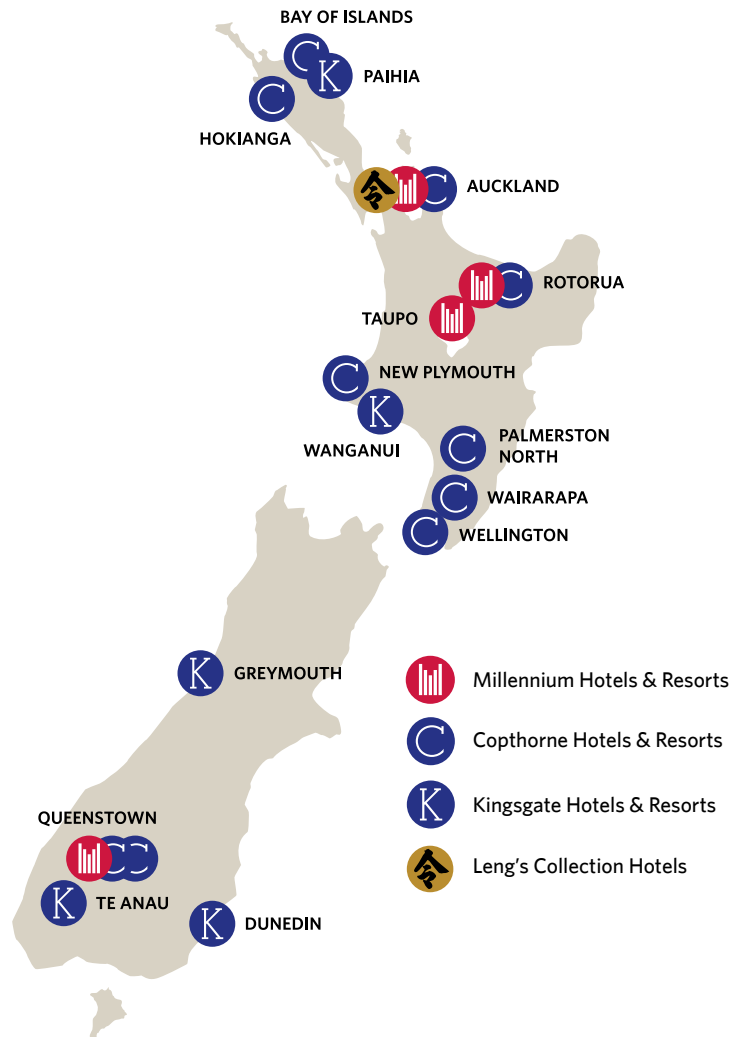
32 Mawhera Quay, Greymouth  
Phone +64 3 768 5085  
Fax +64 3 768 5844  
kingsgate.greymouth@millenniumhotels.co.nz

### 14. Kingsgate Hotel Te Anau

20 Lakefront Drive, Te Anau  
Phone +64 3 249 7421  
Fax +64 3 249 8037  
kingsgate.teanau@millenniumhotels.co.nz

### 15. Kingsgate Hotel Dunedin

10 Smith Street, Dunedin  
Phone +64 3 477 6784  
Fax +64 3 474 0115  
kingsgate.dunedin@millenniumhotels.co.nz



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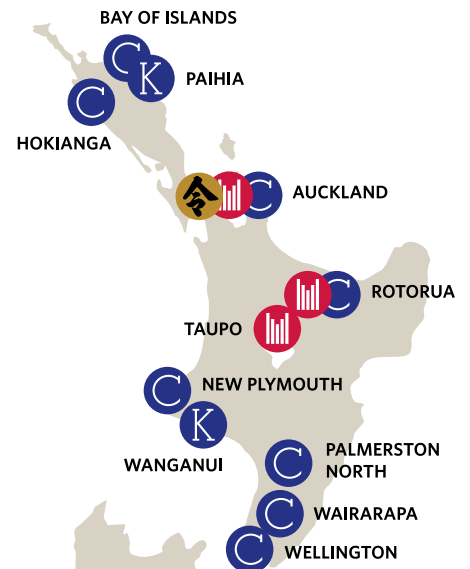
Moments  
to  
treasure...



Copthorne  
Hotel & Resort  
Bay of Islands



Friends  
&  
Fine Food



K GREYMOUTH

QUEENSTOWN

K TE ANAU

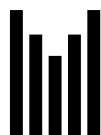
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# MILLENNIUM

HOTELS AND RESORTS

*More than Meets the Eye*

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Central Reservations Team at the Auckland Corporate Office.

# Millennium & Copthorne Hotels New Zealand Limited

## Consolidated Income Statement

For the year ended 31 December 2016

DOLLARS IN THOUSANDS	Note	Group	Group
		2016	2015
Hotel revenue		94,607	86,094
Rental income		2,993	2,848
Property sales		74,435	47,599
<b>Revenue</b>		<b>172,035</b>	<b>136,541</b>
Cost of sales	4,11	(72,702)	(58,465)
<b>Gross profit</b>		<b>99,333</b>	<b>78,076</b>
Other income	2	4,311	-
Administration expenses	3,4	(17,246)	(20,602)
Other operating expenses	3,4	(16,737)	(17,592)
<b>Operating profit</b>		<b>69,661</b>	<b>39,882</b>
Finance income	5	3,027	3,406
Finance costs	5	(2,151)	(3,271)
<b>Net finance income</b>		<b>876</b>	<b>135</b>
<b>Profit before income tax</b>		<b>70,537</b>	<b>40,017</b>
Income tax expense	6	(20,117)	(11,645)
<b>Profit for the year</b>		<b>50,420</b>	<b>28,372</b>
<b>Attributable to:</b>			
Owners of the parent		40,447	21,670
Non-controlling interests		9,973	6,702
<b>Profit for the year</b>		<b>50,420</b>	<b>28,372</b>
Basic earnings per share (cents)	9	25.56	13.70
Diluted earnings per share (cents)	9	25.56	13.70

## Consolidated Statement of Comprehensive Income

For the year ended 31 December 2016

DOLLARS IN THOUSANDS	Note	Group	Group
		2016	2015
<b>Profit for the year</b>		<b>50,420</b>	<b>28,372</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Revaluation/impairment of property, plant and equipment	10	79,424	3,255
- Tax expense on revaluation/impairment of property, plant and equipment	6, 19	(14,602)	(817)
		<b>64,822</b>	<b>2,438</b>
<b>Items that are or may be reclassified to profit or loss</b>			
Foreign exchange translation movements	5	(1,024)	1,532
- Tax credit on foreign exchange translation movements	5, 6	67	25
		<b>(957)</b>	<b>1,557</b>
<b>Total comprehensive income for the year</b>		<b>114,285</b>	<b>32,367</b>
<b>Total comprehensive income for the year attributable to :</b>			
Owners of the parent		104,312	25,858
Non-controlling interests		9,973	6,509
<b>Total comprehensive income for the year</b>		<b>114,285</b>	<b>32,367</b>

The accompanying notes form part of, and should be read in conjunction with, these financial statements



# Millennium & Cophorne Hotels New Zealand Limited

## Consolidated Statement of Changes in Equity

For the year ended 31 December 2016  
Group

	Attributable to equity holders of the Group							
	Share Capital	Revaluation Reserve	Exchange Reserve	Accumulated Losses	Treasury Stock	Total	Non-controlling Interests	Total Equity
<b>DOLLARS IN THOUSANDS</b>								
Balance at 1 January 2016	383,266	96,548	(2,366)	(88,129)	(26)	389,293	55,552	444,845
Movement in exchange translation reserve, net of tax	-	-	(957)	-	-	(957)	-	(957)
Revaluation/impairment of property, plant & equipment, net of tax	-	64,822	-	-	-	64,822	-	64,822
Total other comprehensive income/(loss)	-	64,822	(957)	-	-	63,865	-	63,865
Profit for the year	-	-	-	40,447	-	40,447	9,973	50,420
Total comprehensive income for the year	-	64,822	(957)	40,447	-	104,312	9,973	114,285
Transactions with owners, recorded directly in equity:								
Movement in fair value on assets held for sale	-	-	-	(1)	-	(1)	-	(1)
Dividends paid to:								
Owners of the parent	-	-	-	(4,430)	-	(4,430)	-	(4,430)
Non-controlling interests	-	-	-	-	-	-	(2,787)	(2,787)
Supplementary dividends	-	-	-	(124)	-	(124)	-	(124)
Foreign investment tax credits	-	-	-	124	-	124	-	124
Movement in non-controlling interests without a change in control	-	-	-	(111)	-	(111)	480	369
<b>Balance at 31 December 2016</b>	<b>383,266</b>	<b>161,370</b>	<b>(3,323)</b>	<b>(52,224)</b>	<b>(26)</b>	<b>489,063</b>	<b>63,218</b>	<b>552,281</b>

The accompanying notes form part of, and should be read in conjunction with, these financial statements

# Millennium & Copthorne Hotels New Zealand Limited

## Consolidated Statement of Changes in Equity

For the year ended 31 December 2016  
Group

	Attributable to equity holders of the Group						Total	Non-controlling Interests	Total Equity
	Share Capital	Revaluation Reserve	Exchange Reserve	Accumulated Losses	Treasury Stock	Total			
<b>DOLLARS IN THOUSANDS</b>									
Balance at 1 January 2015	383,266	94,110	(4,116)	(101,874)	(26)	371,360	78,347	449,707	
Movement in exchange translation reserve, net of tax	-	-	1,750	-	-	1,750	(193)	1,557	
Revaluation/impairment of property, plant & equipment, net of tax	-	2,438	-	-	-	2,438	-	2,438	
Total other comprehensive income/(loss)	-	2,438	1,750	-	-	4,188	(193)	3,995	
Profit for the year	-	-	-	21,670	-	21,670	6,702	28,372	
Total comprehensive income for the year	-	2,438	1,750	21,670	-	25,858	6,509	32,367	
Transactions with owners, recorded directly in equity:									
Movement in fair value on assets held for sale	-	-	-	1	-	1	-	1	
Dividends paid to:									
Owners of the parent	-	-	-	(3,797)	-	(3,797)	-	(3,797)	
Non-controlling interests	-	-	-	-	-	-	(2,820)	(2,820)	
Supplementary dividends	-	-	-	(109)	-	(109)	-	(109)	
Foreign investment tax credits	-	-	-	109	-	109	-	109	
Movement in non-controlling interests without a change in control	-	-	-	(4,129)	-	(4,129)	(26,484)	(30,613)	
<b>Balance at 31 December 2015</b>	<b>383,266</b>	<b>96,548</b>	<b>(2,366)</b>	<b>(88,129)</b>	<b>(26)</b>	<b>389,293</b>	<b>55,552</b>	<b>444,845</b>	

The accompanying notes form part of, and should be read in conjunction with, these financial statements



# Millennium & Copthorne Hotels New Zealand Limited

## Consolidated Statement of Financial Position

For the year ended 31 December 2016

DOLLARS IN THOUSANDS	Note	Group	Group
		2016	2015
<b>SHAREHOLDERS' EQUITY</b>			
Issued capital	8	383,266	383,266
Reserves		105,823	6,053
Treasury stock	8	(26)	(26)
<b>Equity attributable to owners of the parent</b>		<b>489,063</b>	<b>389,293</b>
Non-controlling interests		63,218	55,552
<b>Total equity</b>		<b>552,281</b>	<b>444,845</b>
<b>Represented by:</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	10	422,603	316,634
Development properties	11	135,136	140,637
Intangible assets	12	-	2,823
Investment in associates	13	2	2
<b>Total non-current assets</b>		<b>557,741</b>	<b>460,096</b>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	14	15,520	14,021
Short term bank deposits		85,598	59,955
Trade and other receivables	15	18,693	16,131
Trade receivables due from related parties	25	-	27
Inventories		1,508	1,252
Development properties	11	34,845	38,247
Assets held for sale	16	-	319
<b>Total current assets</b>		<b>156,164</b>	<b>129,952</b>
<b>Total assets</b>		<b>713,905</b>	<b>590,048</b>
<b>NON CURRENT LIABILITIES</b>			
Interest-bearing loans and borrowings	17	66,000	72,500
Provision for deferred taxation	19	59,183	42,881
<b>Total non-current liabilities</b>		<b>125,183</b>	<b>115,381</b>
<b>CURRENT LIABILITIES</b>			
Interest-bearing loans and borrowings	17	4	27
Trade and other payables	20	24,957	20,571
Trade payables due to related parties	25	2,137	667
Loans due to related parties	25	5,800	3,800
Provisions	18	-	3,000
Income tax payable		3,543	1,757
<b>Total current liabilities</b>		<b>36,441</b>	<b>29,822</b>
<b>Total liabilities</b>		<b>161,624</b>	<b>145,203</b>
<b>NET ASSETS</b>		<b>552,281</b>	<b>444,845</b>

For and on behalf of the Board



R BOBB, DIRECTOR, 17 February 2017



BK CHIU, MANAGING DIRECTOR, 17 February 2017

The accompanying notes form part of, and should be read in conjunction with, these financial statements

# Millennium & Copthorne Hotels New Zealand Limited

## Consolidated Statement of Cash Flows

For the year ended 31 December 2016

DOLLARS IN THOUSANDS	Note	Group 2016	Group 2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash was provided from:</b>			
Receipts from customers		169,208	137,611
Receipts from insurers	2	4,500	-
Interest received		3,370	3,100
Dividends received	5	7	3
<b>Cash was applied to:</b>			
Payments to suppliers and employees		(87,371)	(112,372)
Purchase of development land		-	(8,697)
Interest paid		(2,134)	(3,353)
Income tax paid		(16,571)	(10,563)
<b>Net cash inflow from operating activities</b>		<b>71,009</b>	<b>5,729</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Cash was (applied to)/provided from:</b>			
Proceeds from the sale of property, plant and equipment		10	20
Proceeds from the sale of assets held for sale	16	314	-
Purchase of property, plant and equipment	10	(32,565)	(10,926)
Purchase of investments in subsidiaries		-	(31,000)
Investments in short term bank deposits		(25,643)	23,617
<b>Net cash outflow from investing activities</b>		<b>(57,884)</b>	<b>(18,289)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>Cash was (applied to)/provided from:</b>			
Repayment of borrowings	17	(6,523)	(11,894)
Drawdown of borrowings	17	-	16,000
Loans advanced from parent company	25	2,000	3,800
Dividends paid to shareholders of Millennium & Copthorne Hotels New Zealand Ltd	8	(4,430)	(3,797)
Dividends paid to non-controlling shareholders		(2,786)	(2,820)
<b>Net cash inflow/(outflow) from financing activities</b>		<b>(11,739)</b>	<b>1,289</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>1,386</b>	<b>(11,271)</b>
Add opening cash and cash equivalents		14,021	24,022
Exchange rate adjustment		113	1,270
<b>Closing cash and cash equivalents</b>	14	<b>15,520</b>	<b>14,021</b>

The accompanying notes form part of, and should be read in conjunction with, these financial statements



# **Millennium & Copthorne Hotels New Zealand Limited**

## Consolidated Statement of Cash Flows – continued

### For the year ended 31 December 2016

		<u>Group</u>	<u>Group</u>
DOLLARS IN THOUSANDS	Note	2016	2015
RECONCILIATION OF NET PROFIT FOR THE YEAR TO CASH FLOWS FROM OPERATING ACTIVITIES			
<b>Profit for the year</b>		50,420	28,372
<b>Adjusted for non-cash items:</b>			
Goodwill written off	12	2,823	-
Gain on sale of property, plant and equipment	3	(9)	(58)
Depreciation	10	5,837	6,662
Unrealised foreign exchange (gain)/losses		(74)	71
Income tax expense	6	20,117	11,645
Gain on insurance claim	2	(4,311)	-
		<b>74,803</b>	<b>46,692</b>
<b>Adjustments for movements in working capital:</b>			
Increase in trade & other receivables		2,120	789
(Increase)/Decrease in inventories		(256)	4
Decrease/(Increase) in development properties		8,030	(30,933)
Increase in trade & other payables		3,514	2,791
Increase in related parties		1,497	127
<b>Cash generated from operations</b>		<b>89,708</b>	<b>19,470</b>
Interest expense	5	(2,128)	(3,178)
Income tax paid		(16,571)	(10,563)
<b>Cash inflows from operating activities</b>		<b>71,009</b>	<b>5,729</b>

The accompanying notes form part of, and should be read in conjunction with, these financial statements

# **Millennium & Copthorne Hotels New Zealand Limited**

## **Notes to the Consolidated Financial Statements for the year ended 31 December 2016**

### **Significant accounting policies**

Millennium & Copthorne Hotels New Zealand Limited is a company domiciled in New Zealand registered under the Companies Act 1993 and listed on the New Zealand Stock Exchange. Millennium & Copthorne Hotels New Zealand Limited (the "Company") is a Financial Markets Conduct Reporting Entity in terms of the Financial Markets Conduct Act 2013 and the Financial Reporting Act 2013. The financial statements of the Company for the year ended 31 December 2016 comprise the Company and its subsidiaries (together referred to as the "Group"). The registered office is located at Level 13, 280 Centre, 280 Queen Street, Auckland, New Zealand.

The principal activities of the Group are ownership and operation of hotels in New Zealand; residential development and sale of land in New Zealand; and development and sale of residential units in Australia.

#### **(a) Statement of compliance**

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRSs) as appropriate for Tier 1 profit-oriented entities. The financial statements also comply with International Financial Reporting Standards (IFRSs).

The financial statements were authorised for issuance on 17 February 2017.

#### **(b) Basis of preparation**

The financial statements are presented in New Zealand Dollars, rounded to the nearest thousand. They are prepared on the historical cost basis except that hotel land and buildings are stated at their fair value.

The preparation of financial statements in conformity with NZ IFRSs requires management to make judgments, estimates and assumptions that affect the application of the Group's policies and reported amounts of assets and liabilities, income and expenses. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future period affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in Note 26 – Accounting Estimates and Judgements.

#### **(c) Change in accounting policies**

The accounting policies have been applied consistently to all periods presented in these financial statements.

#### **(d) Basis of consolidation**

##### **Subsidiaries**

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the financial statements from the date that control commences until the date that control ceases.

##### **Transactions eliminated on consolidation**

Intra-group balances and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the financial statements. Unrealised gains arising from transactions with jointly controlled entities are eliminated to the extent of the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

##### **Investments in associates**

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Interests in associates are accounted for using the equity method. They are initially recognised at cost. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income (OCI) of equity-accounted investees, until the date on which significant influence ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.



# **Millennium & Copthorne Hotels New Zealand Limited**

## **Notes to the Consolidated Financial Statements for the year ended 31 December 2016**

### **Significant accounting policies – continued**

#### **(e) Foreign currency**

##### **Foreign currency transactions**

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance date are translated to New Zealand dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to New Zealand dollars at foreign exchange rates ruling at the dates the fair value was determined.

##### **Financial statements of foreign operations**

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to New Zealand dollars at foreign exchange rates ruling at the balance date. The revenues and expenses of foreign operations are translated to New Zealand dollars at rates approximating the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on re-translation are recognised directly as a separate component of equity. When a foreign operation is disposed of, in part or in full, the relevant amount in the exchange reserve is released into the income statement.

#### **(f) Financial instruments**

##### **Non-derivative financial instruments**

Non-derivative financial instruments comprise related party advances, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through the income statement, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described in accounting policies below.

Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfer the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Accounting for finance income and expense is discussed in accounting policy (u).

#### **(g) Insurance proceeds**

Compensation from third parties for items of property, plant and equipment that were damaged, impaired, lost or given up is included in the profit or loss when the compensation becomes virtually certain. Any subsequent purchase or construction of replacement assets are separate economic events and are accounted for separately.

Compensation from third parties to cover business interruption is determined with the agreed formula in the insurance policy and recognised in the profit and loss for the applicable period. Installment payments from third parties are not recognised in the profit and loss until full settlement is agreed with the third parties.

#### **(h) Property, plant and equipment**

##### **Initial recording**

Items of property, plant and equipment are initially stated at cost. The cost of purchased property, plant and equipment is the value of the consideration given to acquire the assets and the value of other directly attributable costs, which have been incurred in bringing the assets to the location and condition necessary for their intended service. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Capital expenditure on major projects is recorded separately within property, plant and equipment as capital work in progress. Once the project is complete the balance is transferred to the appropriate property, plant and equipment categories. Capital work in progress is not depreciated.

##### **Subsequent measurement**

Property, plant and equipment is subsequently measured at cost less accumulated depreciation and impairment losses, except for land and buildings which are re-valued. The Group recognises the cost of replacing part of such an item of property, plant and equipment when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in the income statement as an expense as incurred.

##### **Disposal or retirement**

Gains or losses arising from the disposal or retirement of property, plant and equipment are determined as the difference between the actual net disposal proceeds and the carrying amount of the asset and are recognised in the income statement on the date of retirement or disposal.

##### **Revaluation**

Land and buildings are shown at fair value less subsequent depreciation for buildings. Fair value is determined by management using valuation models and confirmed by independent registered valuers on a triennial basis. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the re-valued amount of the asset. Any decreases in value that offset a previous increase in value of the same asset is charged against reserves in equity, any other decrease in value is charged to the income statement.

# Millennium & Copthorne Hotels New Zealand Limited

## Notes to the Consolidated Financial Statements for the year ended 31 December 2016

### Significant accounting policies – continued

#### (h) Property, plant and equipment - continued

##### Depreciation

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or re-valued amounts to their residual values over their estimated useful lives, as follows:

Building core	50 years or lease term if shorter
Building surfaces and finishes	30 years or lease term if shorter
Plant and machinery	15 - 20 years
Furniture and equipment	10 years
Soft furnishings	5 - 7 years
Computer equipment	5 years
Motor vehicles	4 years

No residual values are ascribed to building surfaces and finishes. Residual values ascribed to building core depend on the nature, location and tenure of each property.

#### (i) Development properties

Property held for future development and development property completed and held for sale are stated at the lower of cost and net realisable value. The net realisable value is determined by independent valuers. Cost includes the cost of acquisition, development, and holding costs. All holding costs incurred after completion of development are expensed as incurred. Revenue and profit are not recognised on development properties until the legal title passes to the buyer when the full settlement of the purchase consideration of the properties occurs.

#### (j) Intangible assets

##### Goodwill

Goodwill represents amounts arising on acquisition of subsidiaries in a business combination. Goodwill is measured at the acquisition date as:

- The fair value of the consideration transferred; plus
- The recognised amount of any non-controlling interests in the acquiree; plus if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- The fair value of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment (see accounting policy (n)).

##### Other intangible assets

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (see below) and impairment losses (see accounting policy (n)).

##### Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

##### Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of other intangible assets.

#### (k) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with an maturity of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.



# **Millennium & Copthorne Hotels New Zealand Limited**

## **Notes to the Consolidated Financial Statements for the year ended 31 December 2016**

### **Significant accounting policies – continued**

#### **(l) Trade and other receivables**

Trade and other receivables are stated at their cost less impairment losses (see accounting policy (n)).

#### **(m) Inventories**

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of inventories is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

#### **(n) Impairment**

The carrying amounts of the Group's assets other than development properties (see accounting policy (i)), inventories (see accounting policy (m)) and deferred tax assets (see accounting policy (v)), are reviewed at each balance date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

In relation to properties that have been damaged by earthquakes, the land and building are separately reviewed for impairment. The carrying value of land is compared to its fair value based on comparable market sales. The carrying value of building is compared to the indemnified sum insured for material damage.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in the income statement unless the asset is recorded at a re-valued amount in which case it is treated as a revaluation decrease through the statement of comprehensive income.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units (groups of units) and then, to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

##### **(i) Calculation of recoverable amount**

The recoverable amount of the Group's receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

##### **(ii) Reversals of impairment**

An impairment loss in respect of a receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

#### **(o) Interest-bearing loans and borrowings**

Interest-bearing loans and borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing loans and borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

#### **(p) Employee long-term service benefits**

The Group's net obligation in respect of long-term service benefits, is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using their expected remuneration and an assessment of likelihood the liability will arise.

#### **(q) Provisions**

A provision is recognised in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

#### **(r) Trade and other payables**

Trade and other payables are stated at cost.

# **Millennium & Copthorne Hotels New Zealand Limited**

## **Notes to the Consolidated Financial Statements for the year ended 31 December 2016**

### **Significant accounting policies – continued**

#### **(s) Share capital**

##### **Repurchase of share capital**

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributed costs, is recognised as a change in equity. Repurchased shares are classified as treasury stock and presented as a deduction from total equity.

##### **Dividends**

Dividends are recognised as a liability in the period in which they are declared.

#### **(t) Revenue**

Revenue represents amounts derived from:

- The ownership, management and operation of hotels: recognised on an accruals basis to match the provision of the related goods and services.
- Income from property rental: recognised on an accruals basis, straight line over the lease period. Lease incentives granted are recognised as an integral part of the total rental income.
- Income from development property sales: recognised on the transfer of the related significant risk and rewards of ownership, which is not until legal title passes to the buyer when the full settlement of the purchase consideration of the properties occurs.

#### **(u) Expenses**

##### **Operating lease payments**

Payments made under operating leases are recognised in the income statement on a straight line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

##### **Finance lease payments**

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

##### **Finance income and expenses**

Finance income comprises interest income on funds invested, dividend income and foreign currency gains that are recognised in profit or loss. Interest income is recognised as it accrues, using the effective interest method. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established which in the case of quoted securities is the ex-dividend date.

Finance expenses comprise interest payable on borrowings calculated using the effective interest rate method and foreign exchange losses that are recognised in the income statement.

Interest attributable to funds used to finance the development or construction of new hotels, major extensions to existing hotels or development properties is capitalised gross of tax relief and added to the cost of the hotel core buildings or development property.

#### **(v) Income tax**

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in other comprehensive income or equity, in which case it is recognised in other comprehensive income or equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that neither affect accounting nor taxable profit; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and deferred tax liabilities are offset only if the Group has a legally enforceable right to set off current tax assets against current tax liabilities; the Group intends to settle net; and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

# **Millennium & Copthorne Hotels New Zealand Limited**

## **Notes to the Consolidated Financial Statements for the year ended 31 December 2016**

### **Significant accounting policies – continued**

#### **(w) Segment reporting**

An operating segment is a distinguishable component of the Group:

- that is engaged in business activities from which it earns revenues and incurs expenses,
- whose operating results are regularly reviewed by the Group's chief operating decision maker to make decisions on resource allocation to the segment and assess its performance, and
- for which discrete financial information is available.

#### **(x) New standards and interpretations not yet adopted**

The following new standards and amendments to standards are not yet effective for the year ended 31 December 2016, and have not been applied in preparing these financial statements.

- *NZ IFRS 9 – Financial Instruments (effective after 1 January 2018)*
- *NZ IFRS 15 – Revenue from Contracts with Customers (effective 1 January 2018)*
- *NZ IFRS 16 – Leases (effective 1 January 2019)*
- *Disclosure Initiative (Amendments to IAS 7: Cash Flow Statements (effective after 1 January 2017))*

The adoption of these standards is not expected to have a material impact on the Group's financial statements.



# **Millennium & Copthorne Hotels New Zealand Limited**

## **Notes to the Consolidated Financial Statements for the year ended 31 December 2016**

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# Millennium & Copthorne Hotels New Zealand Limited

## Notes to the Consolidated Financial Statements for the year ended 31 December 2016

### 1. Segment reporting

Segment information is presented in respect of the Group's reporting segments. Operating segments are the primary basis of segment reporting. The Group has determined that its chief operating decision maker is the Board of Directors on the basis that it is this group which determines the allocation of resources to segments and assesses their performance.

Inter-segment pricing is determined on an arm's length basis. Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

#### Operating segments

The Group consisted of the following main operating segments:

- Hotel operations, comprising income from the ownership and management of hotels.
- Residential land development, comprising the development and sale of land.
- Residential and commercial property development, comprising the development and sale of residential apartments.

#### Geographical areas

The Group operates in the following main geographical areas:

- New Zealand.
- Australia.

Segment revenue is based on the geographical location of the asset. The Group has no major customer representing greater than 10% of the Group's total revenue.

#### Operating segments

<i>Dollars In Thousands</i>	Hotel Operations		Residential Land Development		Residential Property Development		Group	
	2016	2015	2016	2015	2016	2015	2016	2015
External revenue	94,576	86,094	74,471	47,599	2,988	2,848	172,035	136,541
Finance income	1,916	2,105	956	852	155	449	3,027	3,406
Finance expense	(2,151)	(3,266)	-	-	-	(5)	(2,151)	(3,271)
Depreciation and amortisation	(5,829)	(6,649)	(2)	(2)	(6)	(11)	(5,837)	(6,662)
Segment profit/(loss) before income tax	27,684	14,766	37,538	24,159	5,315	1,092	70,537	40,017
Profit before income tax	27,684	14,766	37,538	24,159	5,315	1,092	70,537	40,017
Income tax (expense)/credit	(8,301)	(4,604)	(10,510)	(6,686)	(1,306)	(355)	(20,117)	(11,645)
Other material/non-cash items:								
Gain on insurance claim	4,311	-	-	-	-	-	4,311	-
Goodwill written-off	(2,823)	-	-	-	-	-	(2,823)	-
Release of earthquake and FF&E provisions	3,000	-	-	-	-	-	3,000	-
Release of excess remedial costs provided for Zenith Residences	-	-	-	-	4,393	-	4,393	-
Segment assets	486,137	385,370	168,276	142,678	59,490	61,998	713,903	590,046
Tax assets	-	-	-	-	-	-	-	-
Investment in associates	-	-	2	2	-	-	2	2
Total assets	486,137	385,370	168,278	142,680	59,490	61,998	713,905	590,048
Segment liabilities	(93,426)	(92,853)	(4,335)	(234)	(1,137)	(7,478)	(98,898)	(100,565)
Tax liabilities	(61,660)	(44,691)	(2,149)	(2,157)	1,083	2,210	(62,726)	(44,638)
Total liabilities	(155,086)	(137,544)	(6,484)	(2,391)	(54)	(5,268)	(161,624)	(145,203)
Capital expenditure	32,551	10,917	5	1	9	8	32,565	10,926

# Millennium & Copthorne Hotels New Zealand Limited

## Notes to the Consolidated Financial Statements for the year ended 31 December 2016

### 1. Segment reporting - continued

#### Geographical areas

<i>Dollars In Thousands</i>	New Zealand		Australia		Group	
	2016	2015	2016	2015	2016	2015
External revenue	169,047	133,693	2,988	2,848	172,035	136,541
Finance income	2,873	3,000	154	406	3,027	3,406
Finance expense	(2,151)	(3,266)	-	(5)	(2,151)	(3,271)
Depreciation and amortisation	(5,831)	(6,651)	(6)	(11)	(5,837)	(6,662)
Segment profit/(loss) before income tax	66,263	40,173	4,274	(156)	70,537	40,017
Profit before income tax	66,263	40,173	4,274	(156)	70,537	40,017
Income tax (expense)/credit	(18,828)	(11,402)	(1,289)	(242)	(20,117)	(11,645)
Other material/non-cash items:						
Gain on insurance claim	4,311	-	-	-	4,311	-
Goodwill written-off	(2,823)	-	-	-	(2,823)	-
Release of earthquake and FF&E provisions	3,000	-	-	-	3,000	-
Release of excess remedial costs provided for Zenith Residences	-	-	4,393	-	4,393	-
Segment assets	654,415	528,377	59,488	61,667	713,903	590,046
Tax assets	-	-	-	-	-	-
Investment in associates	2	2	-	-	2	2
Total assets	654,417	528,379	59,488	61,667	713,905	590,048
Segment liabilities	(98,868)	(93,121)	(30)	(7,444)	(98,898)	(100,565)
Tax liabilities	(63,814)	(46,881)	1,088	2,243	(62,726)	(44,638)
Total liabilities	(162,682)	(140,002)	1,058	(5,201)	(161,624)	(145,203)
Capital expenditure	32,556	10,918	9	8	32,565	10,926

### 2. Other income

<i>Dollars In Thousands</i>	Group	
	2016	2015
Gain on insurance claim	4,311	-
	<b>4,311</b>	<b>-</b>

In May 2016, the insurers settled the Group's material damage claim in respect of the fixture, fittings and equipment at the Millennium Hotel Christchurch. This settlement of \$4.50 million resulted in a gain on disposal of property plant and equipment of \$4.31 million.

### 3. Administration and other operating expenses

<i>Dollars In Thousands</i>	Note	Group	
		2016	2015
Depreciation	10	5,837	6,662
Auditors remuneration			
Audit fees		294	322
Tax compliance and advisory		132	122
Directors fees	24	231	260
Lease and rental expenses	22	2,235	2,171
Provision for bad debts			
Debts written off		1	22
Movement in doubtful debt provision		34	(12)
Goodwill written-off	12	2,823	-
Net gain on disposal of property, plant and equipment		(9)	(58)
Release of earthquake and FF&E provisions for Millennium Hotel Christchurch	18	(3,000)	-
Release of excess remedial costs provided for Zenith Residences	11	(4,393)	-
Other		29,798	28,705
		<b>33,983</b>	<b>38,194</b>



# Millennium & Copthorne Hotels New Zealand Limited

## Notes to the Consolidated Financial Statements for the year ended 31 December 2016

### 4. Personnel expenses

<i>Dollars In Thousands</i>	Group	
	2016	2015
Wages and salaries	34,345	32,628
Employee related expenses and benefits	5,165	4,994
Contributions to defined contribution plans	586	581
Increase in liability for long-service leave	56	28
	<b>40,152</b>	<b>38,231</b>

The personnel expenses are included in cost of sales, administration expenses and other operating expenses in the income statement.

### 5. Net finance income

#### Recognised in the income statement

<i>Dollars In Thousands</i>	Group	
	2016	2015
Interest income	2,923	3,381
Dividend income	7	3
Foreign exchange gain	97	22
Finance income	3,027	3,406
Interest expense	(2,128)	(3,178)
Foreign exchange loss	(23)	(93)
Finance costs	(2,151)	(3,271)
<b>Net finance income recognised in the income statement</b>	<b>876</b>	<b>135</b>

#### Recognised in other comprehensive income

<i>Dollars In Thousands</i>	Group	
	2016	2015
Foreign exchange translation movements	(957)	1,557
<b>Net finance income recognised in other comprehensive income</b>	<b>(957)</b>	<b>1,557</b>

### 6. Income tax expense

#### Recognised in the income statement

<i>Dollars In Thousands</i>	Group	
	2016	2015
<b>Current tax expense</b>		
Current year	18,373	10,757
Adjustments for prior years	(23)	664
	18,350	11,421
<b>Deferred tax expense</b>		
Origination and reversal of temporary difference	1,687	224
Adjustments for prior years	80	-
	1,767	224
<b>Total income tax expense in the income statement</b>	<b>20,117</b>	<b>11,645</b>

# Millennium & Copthorne Hotels New Zealand Limited

## Notes to the Consolidated Financial Statements for the year ended 31 December 2016

### 6. Income tax expense – continued

#### Reconciliation of tax expense

<i>Dollars In Thousands</i>	Group	
	2016	2015
Profit before income tax	70,537	40,017
Income tax at the company tax rate of 28% (2015: 28%)	19,750	11,205
Adjusted for:		
Non-deductible expenses	790	505
Tax rate difference (if different from 28% above)	75	10
Tax exempt income	(555)	(739)
Under-provided in prior years	57	664
<b>Total income tax expense</b>	<b>20,117</b>	<b>11,645</b>
Effective tax rate	29%	29%

#### Deferred tax expense/(credit) recognised in other comprehensive income

<i>Dollars In Thousands</i>	Group	
	2016	2015
Relating to revaluation of property, plant and equipment	14,602	817
Relating to foreign currency translation of foreign subsidiaries	(67)	(25)
	14,535	792

### 7. Imputation credits

<i>Dollars In Thousands</i>	Group	
	2016	2015
Imputation credits available for use in subsequent reporting periods	65,620	58,614

The KIN Holdings Group has A\$5.6 million (2015: A\$5.7 million) franking credits available as at 31 December 2016.

### 8. Capital and reserves

#### Share capital

	Group		Group	
	2016 Shares	2016 \$000's	2015 Shares	2015 \$000's
Ordinary shares issued 1 January	105,578,290	350,048	105,578,290	350,048
<b>Ordinary shares issued at 31 December – fully paid</b>	<b>105,578,290</b>	<b>350,048</b>	<b>105,578,290</b>	<b>350,048</b>
Redeemable preference shares 1 January	52,739,543	33,218	52,739,543	33,218
<b>Redeemable preference shares issued at 31 December – fully paid</b>	<b>52,739,543</b>	<b>33,218</b>	<b>52,739,543</b>	<b>33,218</b>
Ordinary shares repurchased and held as treasury stock 1 January	(99,547)	(26)	(99,547)	(26)
<b>Ordinary shares repurchased and held as treasury stock 31 December</b>	<b>(99,547)</b>	<b>(26)</b>	<b>(99,547)</b>	<b>(26)</b>
<b>Total shares issued and outstanding</b>	<b>158,218,286</b>	<b>383,240</b>	<b>158,218,286</b>	<b>383,240</b>

At 31 December 2016, the authorised share capital consisted of 105,578,290 ordinary shares (2015: 105,578,290 ordinary shares) with no par value and 52,739,543 redeemable preference shares (2015: 52,739,543 redeemable preference shares) with no par value.

# Millennium & Copthorne Hotels New Zealand Limited

## Notes to the Consolidated Financial Statements for the year ended 31 December 2016

### 8. Capital and reserves – continued

#### Revaluation reserve

The revaluation reserve relates to property, plant and equipment. Movements in the revaluation reserve arise from the revaluation surpluses and deficits of property, plant and equipment.

#### Exchange reserve

The exchange reserve comprises the foreign exchange differences arising from the translation of the financial statements of foreign operations.

#### Dividends

The following dividends were declared and paid during the year ended 31 December:

<i>Dollars In Thousands</i>	Parent	
	2016	2015
Ordinary Dividend – 2.8 cents per qualifying ordinary share (2015: 2.4 cents)	4,430	3,797
Supplementary Dividend – 0.49412 cents per qualifying ordinary share (2015: 0.4235 cents)	124	109
	4,554	3,906

After 31 December 2016 the following dividends were declared by the directors. The dividends have not been provided for and there are no income tax consequences.

<i>Dollars In Thousands</i>	Parent
Ordinary Dividend – 5.0 cents per qualifying share (2015: 2.8 cents)	7,911
Supplementary Dividend – 0.8824 cents per qualifying share (2015: 0.4941 cents)	227
<b>Total Dividends</b>	<b>8,138</b>

### 9. Earnings per share

#### Basic earnings per share

The calculation of basic earnings per share at 31 December 2016 was based on the profit attributable to ordinary and redeemable preference shareholders of \$40,447,000 (2015: \$21,670,000) and weighted average number of shares outstanding during the year ended 31 December 2016 of 158,218,286 (2015: 158,218,286), calculated as follows:

#### Profit attributable to shareholders

<i>Dollars In Thousands</i>	Group	
	2016	2015
Profit for the year	50,420	28,372
Profit attributable to non-controlling interests	(9,973)	(6,702)
Profit attributable to shareholders	40,447	21,670

#### Weighted average number of shares

	Group	
	2016	2015
Weighted average number of shares (ordinary and redeemable preference shares)	158,317,833	158,317,833
Effect of own shares held (ordinary shares)	(99,547)	(99,547)
Weighted average number of shares for earnings per share calculation	158,218,286	158,218,286

#### Diluted earnings per share

The calculation of diluted earnings per share is the same as basic earnings per share.



# Millennium & Copthorne Hotels New Zealand Limited

## Notes to the Consolidated Financial Statements for the year ended 31 December 2016

### 10. Property, plant and equipment

<i>Dollars In Thousands</i>	Group						Total
	Freehold Land	Freehold Buildings	Leasehold Land and Buildings	Plant, Equipment, Fixtures and Fittings	Motor Vehicles	Work In Progress	
<b>Cost</b>							
Balance at 1 January 2015	102,750	175,426	27,768	92,447	104	1,248	399,743
Acquisitions	-	-	-	71	-	10,855	10,926
Disposals	-	(4,218)	-	(4,562)	(39)	-	(8,819)
Transfers between categories	-	(2,134)	91	2,436	-	(393)	-
Transfer from accumulated depreciation following revaluation	-	(126)	-	-	-	-	(126)
Movements in foreign exchange	-	-	-	6	-	-	6
Revaluation surplus/(deficit)	336	2,919	-	-	-	-	3,255
<b>Balance at 31 December 2015</b>	<b>103,086</b>	<b>171,867</b>	<b>27,859</b>	<b>90,398</b>	<b>65</b>	<b>11,710</b>	<b>404,985</b>
Balance at 1 January 2016	103,086	171,867	27,859	90,398	65	11,710	404,985
Acquisitions	-	-	-	14	-	32,551	32,565
Disposals	-	-	-	(5,017)	-	-	(5,017)
Transfers between categories	-	508	(21)	2,237	-	(2,724)	-
Transfer from accumulated depreciation following revaluation	-	(957)	(41)	-	-	-	(998)
Movements in foreign exchange	-	-	-	(9)	-	-	(9)
Revaluation surplus/(deficit)	25,775	43,889	9,760	-	-	-	79,424
<b>Balance at 31 December 2016</b>	<b>128,861</b>	<b>215,307</b>	<b>37,557</b>	<b>87,623</b>	<b>65</b>	<b>41,537</b>	<b>510,950</b>
<b>Depreciation and impairment losses</b>							
Balance at 1 January 2015	-	(14,937)	(2,500)	(73,072)	(86)	-	(90,595)
Depreciation charge for the year	-	(2,180)	(369)	(4,109)	(4)	-	(6,662)
Disposals	-	4,218	-	4,528	39	-	8,785
Transfer accumulated depreciation against cost following revaluation	-	126	-	-	-	-	126
Movements in foreign exchange	-	-	-	(5)	-	-	(5)
<b>Balance at 31 December 2015</b>	<b>-</b>	<b>(12,773)</b>	<b>(2,869)</b>	<b>(72,658)</b>	<b>(51)</b>	<b>-</b>	<b>(88,351)</b>
Balance at 1 January 2016	-	(12,773)	(2,869)	(72,658)	(51)	-	(88,351)
Depreciation charge for the year	-	(2,047)	(370)	(3,416)	(4)	-	(5,837)
Disposals	-	-	-	4,835	-	-	4,835
Transfer accumulated depreciation against cost following revaluation	-	957	41	-	-	-	998
Movements in foreign exchange	-	-	-	8	-	-	8
<b>Balance at 31 December 2016</b>	<b>-</b>	<b>(13,863)</b>	<b>(3,198)</b>	<b>(71,231)</b>	<b>(55)</b>	<b>-</b>	<b>(88,347)</b>
<b>Carrying amounts</b>							
At 1 January 2015	102,750	160,489	25,268	19,375	18	1,248	309,148
<b>At 31 December 2015</b>	<b>103,086</b>	<b>159,094</b>	<b>24,990</b>	<b>17,740</b>	<b>14</b>	<b>11,710</b>	<b>316,634</b>
At 1 January 2016	103,086	159,094	24,990	17,740	14	11,710	316,634
<b>At 31 December 2016</b>	<b>128,861</b>	<b>201,444</b>	<b>34,359</b>	<b>16,392</b>	<b>10</b>	<b>41,537</b>	<b>422,603</b>

# Millennium & Copthorne Hotels New Zealand Limited

## Notes to the Consolidated Financial Statements for the year ended 31 December 2016

### 10. Property, plant and equipment – continued

The Directors consider the value of the hotel assets with a net book value of \$422.6 million (2015: \$316.6 million) to be within a range of \$422.00 to \$436.00 million (2015: \$316.00 to \$325.00 million). This is substantiated by valuations completed by Bower Valuations Limited, registered valuers, on: 3 hotel assets valued in total at \$127.65 million in December 2014; 3 hotel assets valued in total at \$28.00 million in December 2015; and 7 hotel assets valued in total at \$245.69 million in December 2016.

During 2016 seven (2015: three) of the Group's freehold and leasehold hotel properties were subject to an external professional valuation by Bower Valuations Limited, registered valuers, on a highest and best use basis. Based on these valuations and in accordance with the Group's accounting policies the respective properties' land and buildings were revalued to their fair value. A total of \$79.42 million (2015: \$3.26 million) was added to the carrying values of land and buildings.

The Group's fair value of hotel properties as determined by independent valuers is categorised as Level 3 based on the inputs to the valuation methodology. The basis of the valuation is the net present value of the future earnings of the assets. The major unobservable inputs and assumptions that are used in the valuation model that require judgement include forecasts of the future earnings, projected operational and maintenance expenditure profiles and discount rates (internal rate of return). The estimated fair value would increase or (decrease) if: forecast future earnings were higher / (lower); projected operational and maintenance expenditures were (higher) / lower; and the discount rates were (higher) / lower.

The Directors consider the net book value of the hotels not valued by independent valuers in 2016 to approximate their fair value as at 31 December 2016. This is on the basis that the Group's hotels which were not subject to external professional valuations were tested for impairment by management. Based on these tests no value (2015: \$nil) has been deducted from the carrying value of freehold land and buildings. The testing for impairment requires management to estimate future cash flows to be generated by the cash generating units and is categorised as Level 3 based on the inputs to the impairment models. The major unobservable inputs that management use that require judgement in estimating future cash flows include expected rate of growth in revenue and costs, market segment mix, occupancy, average room rates expected to be achieved and the appropriate discount rate to apply when discounting future cash flows. Average annual growth rates appropriate to the hotels range from 0.39% to 8.23% (2015: 1.14% to 4.04%) over the five years projection. Pre-tax discount rates ranging between 8.25% and 14.50% (2015: 7.50% and 10.75%) were applied to the future cash flows of the individual hotels based on the specific circumstances of the property.

Had the property, plant and equipment been carried under the cost model, the following carrying values would have been recognised:

<i>Dollars In Thousands</i>	<b>Group</b>						
	<b>Freehold Land</b>	<b>Freehold Buildings</b>	<b>Leasehold Land and Buildings</b>	<b>Plant, Equipment, Fixtures and Fittings</b>	<b>Motor Vehicles</b>	<b>Work In Progress</b>	<b>Total</b>
<b>Cost less accumulated depreciation</b>							
At 1 January 2015	38,659	79,268	19,567	19,375	18	1,248	158,135
<b>At 31 December 2015</b>	<b>38,659</b>	<b>74,954</b>	<b>19,289</b>	<b>17,743</b>	<b>14</b>	<b>11,710</b>	<b>162,369</b>
At 1 January 2016	38,659	74,954	19,289	17,743	14	11,710	162,369
<b>At 31 December 2016</b>	<b>38,659</b>	<b>73,415</b>	<b>18,898</b>	<b>16,395</b>	<b>10</b>	<b>41,537</b>	<b>188,914</b>

### Copthorne Hotel Auckland Harbourcity

The Copthorne Hotel Auckland Harbourcity closed down on 24 July 2015 for a major refurbishment project valued at over \$40.00 million. This project involves a complete replacement of the building services, seismic strengthening, new guest rooms and public areas. The obsolete assets were fully depreciated with the cost and accumulated depreciation, both totaling \$8.61 million, removed from the asset registers in 2015. The remaining building assets of \$5.65 million were transferred to work in progress for the construction phase in 2015. The capital committed at balance date is included in the total capital commitments in Note 23. The project is expected to complete in early second quarter of 2017. The Group has tested the hotel assets for impairment at 31 December 2016. Based on this test no amount has been deducted from the carrying value of the assets.

### Canterbury Earthquake

The Canterbury region and Christchurch city suffered two earthquakes on 4 September 2010 and 22 February 2011. At that time the Group operated three hotels in the Christchurch CBD; Millennium Hotel Christchurch (leased); Copthorne Hotel Christchurch Central (owned); and Copthorne Hotel Christchurch City (leased).

The Millennium Hotel Christchurch suffered minor damage from the 4 September 2010 earthquake and remained open for business. The 22 February 2011 earthquake further damaged the hotel and was closed down for the required engineering assessment and repair. The lease expired in November 2015 and a settlement was reached with the insurers in regards to the Group's fixture, fittings and equipment in May 2016.

The Copthorne Hotel Christchurch Central suffered minor damage from the 4 September 2010 earthquake and remained open for business. The 22 February 2011 earthquake severely damaged the hotel after which the insurers assessed that the hotel was uneconomic to repair. The material damage claim for Copthorne Hotel Central Christchurch was settled with the insurers on 22 November 2012. The hotel was demolished in October 2013. In relation to the land at Copthorne Hotel Central Christchurch, the Canterbury Earthquake Recovery Authority (CERA) had earmarked the land as part of a performing arts precinct in its Christchurch rebuilding blueprint. CERA has lifted the designation and there is no encumbrance on the land.

The Copthorne Hotel Christchurch City was demolished, the lease terminated and a settlement was reached with the landlord and insurers in regards to the property in November 2011.

# Millennium & Copthorne Hotels New Zealand Limited

## Notes to the Consolidated Financial Statements for the year ended 31 December 2016

### 11. Development properties

<i>Dollars In Thousands</i>	Group	
	2016	2015
Development land	117,763	126,551
Residential development	52,218	52,333
	169,981	178,884
Less expected to settle within one year	(34,845)	(38,247)
	<b>135,136</b>	<b>140,637</b>
Development land recognised in cost of sales	33,747	20,908

Development land is carried at the lower of cost and net realisable value. No interest (2015: \$nil) has been capitalised during the year. The fair value of development land held at 31 December 2016 was determined by an independent registered valuer, DM Koomen SPINZ, of Extensor Advisory Limited as \$297.03 million (2015: \$265.01 million).

The fair value of development property as determined by the independent valuer is categorised as Level 3 based on the inputs to the valuation methodology. The basis of the valuation is the hypothetical subdivision approach and/or block land sales comparisons to derive the residual block land values. The major unobservable inputs that are used in the valuation model that require judgement include the individual section prices, allowances for profit and risk, projected completion and sell down periods and interest rates during the holding period. The estimated fair value would increase or (decrease) if: the individual section prices were higher / (lower); the allowances for profit were higher / (lower); the allowances for risk were lower / (higher); the projected completion and sell down periods were shorter / (longer); and the interest rate during the holding period was lower / (higher).

Residential development at balance date consists of the residential development known as Zenith Residences in Sydney, Australia. The value of Zenith Residences held at 31 December 2016 was determined by R Laoulach AAPI of Laoulach & Company Pty Ltd, registered valuers as \$78.09 million (A\$75.05 million) (2015: \$76.58 million (A\$72.40 million)).

The fair value of the residential development as determined by the independent valuer is categorised as Level 3 based on the inputs to the valuation methodology. The basis of the valuation is gross realisations 'as is' assuming individual sales of unsold units. The major unobservable inputs and assumptions that are used in the valuation model that require judgement include the interest rates, consumer confidence, unemployment rate and residential unit demand. The estimated fair value would increase or (decrease) if: the interest rates were lower / (higher); the consumer confidence was optimistic / (pessimistic); the unemployment rate was lower / (higher); the residential unit demand was stronger / (weaker).

In July 2016, a settlement was reached between Kingsgate Investment Pty Ltd (100% owned subsidiary within the Group) and the Owners Corporation with respect to the remedial costs of building defects at Zenith Residences, Sydney Australia. The excess consultancy, legal, and remedial costs of \$4.39m were then released into the profit & loss.

### 12. Intangible assets

Since 2005, the Group carried a goodwill balance of \$2.82 million in respect of Copthorne Hotel Auckland Harbourcity. The property is currently closed down for an extensive rebuild and renovation programme. On reopening in early second quarter of 2017, the property will operate under a new brand and a new trading name. The Directors have considered the changes in relation to the goodwill and have decided it is timely and appropriate to write-off fully the goodwill of \$2.82 million.

### 13. Investment in associates

Prestons Road Limited has no revenue or expenses, therefore the Group's share of profit of its associate was nil (2015: nil). During the year, the Group maintained its 33.33% economic interest in Prestons Road Limited. The principal activity of Prestons Road Limited is as service provider to the Group's subsidiary, CDL Land New Zealand Limited, and in this regard, it is charged with engaging suitably qualified consultants in fields such as geotechnical engineering, resource management compliance, subdivision of land, legal and regulatory compliance and related issues to enable the Group to develop its land at Prestons Road in Christchurch.

The net assets of Prestons Road Limited not adjusted for the percentage ownership held by the Group is \$6,000, with the Group's share equal to \$2,000.

### 14. Cash and cash equivalents

<i>Dollars In Thousands</i>	Group	
	2016	2015
Cash	5,467	6,514
Term deposits	10,053	7,507
	<b>15,520</b>	<b>14,021</b>



# Millennium & Copthorne Hotels New Zealand Limited

## Notes to the Consolidated Financial Statements for the year ended 31 December 2016

### 15. Trade and other receivables

<i>Dollars In Thousands</i>	Group	
	2016	2015
Trade receivables	10,024	6,078
Less provision for doubtful debts	(42)	(7)
Other trade receivables and prepayments	8,711	10,060
	<b>18,693</b>	<b>16,131</b>

### 16. Assets held for sale

<i>Dollars In Thousands</i>	Group	
	2016	2015
First Sponsor Group Limited shares	-	317
Add/(Less): Movement in fair value	-	2
Carrying value	-	319

On 2 November 2016, all 245,470 First Sponsor Group Limited shares were sold to Republic Hotels & Resorts Limited, Singapore, a related company to the Group, for a total cash consideration of \$314,000 at a price of SG\$1.30 per share.

### 17. Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings. For more information about the Group's exposure to interest rate and foreign currency risk, see Note 21.

<i>Dollars in Thousands</i>	Group	Currency	Interest Rate	Facility Total	31 December 2016		31 December 2015	
					Face Value	Carrying Amount	Face Value	Carrying Amount
					Revolving credit	NZD	2.525%	53,000
Revolving credit	NZD	2.525%	46,000	31,000	31,000	12,500	12,500	
Revolving credit	NZD	-	-	-	-	10,000	10,000	
Revolving credit	NZD	-	-	-	-	37,500	37,500	
Overdraft	NZD	2.525%	6,000	4	4	27	27	
<b>TOTAL</b>			<b>105,000</b>	<b>66,004</b>	<b>66,004</b>	<b>72,527</b>	<b>72,527</b>	
Current				4	4	27	27	
Non-current				66,000	66,000	72,500	72,500	

#### Terms and debt repayment schedule

The bank loans are secured over hotel properties with a carrying amount of \$389.81 million (2015: \$283.28 million) – refer to Note 10. The bank loans have no fixed term of repayment before maturity. The Group facilities were renewed on 30 December 2016 with a new maturity of 31 July 2019.

### 18. Provisions

<i>Dollars In Thousands</i>	Group		
	Earthquake provisions	FF&E and Site Restoration	Total
Balance at 1 January 2015	2,243	757	3,000
Provisions made during the year	-	-	-
<b>Balance at 31 December 2015</b>	<b>2,243</b>	<b>757</b>	<b>3,000</b>
Non-current	-	-	-
Current	2,243	757	3,000
Balance at 1 January 2016	2,243	757	3,000
Provisions reversed during the year	(2,243)	(757)	(3,000)
<b>Balance at 31 December 2016</b>	<b>-</b>	<b>-</b>	<b>-</b>
Non-current	-	-	-
Current	-	-	-

As a result of the settlement of the Group's material damage claim with the insurers in May 2016, the earthquake provisions of \$2.24 million and FF&E provision of \$0.76 million relating to the Millennium Hotel Christchurch was released to other operating expenses in the income statement.

# Millennium & Copthorne Hotels New Zealand Limited

## Notes to the Consolidated Financial Statements for the year ended 31 December 2016

### 19. Deferred tax assets and liabilities

#### Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

<i>Dollars In Thousands</i>	Group					
	Assets		Liabilities		Net	
	2016	2015	2016	2015	2016	2015
Property, plant and equipment	-	-	61,175	46,594	61,175	46,594
Development properties	(1,139)	(1,149)	-	-	(1,139)	(1,149)
Provisions	(81)	(2,109)	-	-	(81)	(2,109)
Employee benefits	(978)	(768)	-	-	(978)	(768)
Trade and other payables	(576)	(545)	-	-	(576)	(545)
Net investment in foreign operations	-	-	782	858	782	858
Net tax (assets) / liabilities	<b>(2,774)</b>	<b>(4,571)</b>	<b>61,957</b>	<b>47,452</b>	<b>59,183</b>	<b>42,881</b>

#### Movement in deferred tax balances during the year

<i>Dollars In Thousands</i>	Group			
	Balance	Recognised in	Recognised in	Balance
	1 Jan 15	income	equity	31 Dec 15
Property, plant and equipment	45,573	204	817	46,594
Development properties	(1,103)	(33)	(13)	(1,149)
Provisions	(2,250)	161	(20)	(2,109)
Employee benefits	(735)	(33)	-	(768)
Trade and other payables	(471)	(75)	1	(545)
Net investment in foreign operations	851	-	7	858
	<b>41,865</b>	<b>224</b>	<b>792</b>	<b>42,881</b>

<i>Dollars In Thousands</i>	Group			
	Balance	Recognised in	Recognised in	Balance
	1 Jan 16	income	equity	31 Dec 16
Property, plant and equipment	46,594	(21)	14,602	61,175
Development properties	(1,149)	(10)	20	(1,139)
Provisions	(2,109)	2,040	(12)	(81)
Employee benefits	(768)	(210)	-	(978)
Trade and other payables	(545)	(32)	1	(576)
Net investment in foreign operations	858	-	(76)	782
	<b>42,881</b>	<b>1,767</b>	<b>14,535</b>	<b>59,183</b>

### 20. Trade and other payables

<i>Dollars In Thousands</i>	Group	
	2016	2015
	Trade payables	1,952
Employee entitlements	3,344	2,632
Non-trade payables and accrued expenses	19,661	16,588
	<b>24,957</b>	<b>20,571</b>

### 21. Financial instruments

The Group only holds non-derivative financial instruments which comprise cash and cash equivalents, trade and other receivables, trade receivables due from related parties, related party advances, secured bank loans, trade and other payables and trade payables due to related parties.

Exposure to credit, liquidity and market risks arises in the normal course of the Group's business.

#### Liquidity risk

Liquidity risk represents the Group's ability to meet its contractual obligations. The Group evaluates its liquidity requirements on an ongoing basis. In general, the Group generates sufficient cash flows from its operating activities to meet its obligations arising from its financial liabilities. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

#### Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Group does not require collateral in respect of financial assets. There are no significant aged debtors which have not been fully provided for.

Investments are allowed only in short-term financial instruments and only with counterparties approved by the Board, such that the exposure to a single counterparty is minimised.

At balance date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

The maximum exposure to credit risk in Australia is \$41,000 (2015: \$1.84 million). All other credit risk exposure relates to New Zealand.

# Millennium & Copthorne Hotels New Zealand Limited

## Notes to the Consolidated Financial Statements for the year ended 31 December 2016

### 21. Financial instruments – continued

#### Market risk

##### (i) Interest rate risk

In managing interest rate risks the Group aims to reduce the impact of short-term fluctuations on the Group's earnings with an ongoing review of its exposure to changes in interest rates on its borrowings, the maturity profile of the debt, and the cash flows of the underlying debt. The Group maintains its borrowings at fixed rates on short term which gives the Group flexibility in the context of the economic climate, business cycle, loan covenants, cash flows, and cash balances.

An increase of 1.0% in interest rates would have increased profit before tax for the Group in the current period by \$0.12 million (2015: \$0.01 million decrease), assuming all other variables remained constant.

##### Effective interest and re-pricing analysis

In respect of income-earning financial assets and interest-bearing financial liabilities the following table indicates their effective interest rates at the balance date and the periods in which they re-price.

Group	Note	2016				2015			
		Effective interest rate	Total	6 months or less	6 to 12 months	Effective interest rate	Total	6 months or less	6 to 12 months
<i>Dollars In Thousands</i>									
Interest bearing cash & cash equivalents *	14	0.25% to 3.10%	15,380	15,380	-	0.10% to 3.22%	13,961	13,961	-
Short term bank deposits *		1.90% to 3.60%	85,598	34,858	50,740	2.35% to 4.70%	59,955	18,755	41,200
Secured bank loans *	17	2.525%	(66,000)	(66,000)	-	3.275%	(72,500)	(72,500)	-
Bank overdrafts *	17	2.525%	(4)	(4)	-	3.10%	(27)	(27)	-

\* These assets / (liabilities) bear interest at a fixed rate

##### (ii) Foreign currency risk

The Group owns 100.00% (2015: 100.00%) of KIN Holdings Limited. Substantially all the operations of these subsidiary groups are denominated in foreign currencies. The foreign currencies giving rise to this risk are Australian Dollars. The Group has determined that the primary risk affects the carrying values of the net investments in its foreign operations with the currency movements being recognised in the foreign currency translation reserves. The Group has not taken any measurements to manage this risk.

The Group is not exposed to any other foreign currency risks.

#### Capital management

The Group's capital includes share capital and retained earnings.

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and the Group recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

The Group is not subject to any external imposed capital requirements.

The allocation of capital is, to a large extent, driven by optimisation of the return achieved on the capital allocated.

The Group's policies in respect of capital management and allocation are reviewed regularly by the Board of Directors. There were no changes in the Group's capital management policies during the year.

# Millennium & Copthorne Hotels New Zealand Limited

## Notes to the Consolidated Financial Statements for the year ended 31 December 2016

### 21. Financial instruments – continued

#### Fair values

The fair values together with the carrying amounts shown in the statement of financial position are as follows:

Group	Note	Carrying amount		Fair value	
		2016	2016	2015	2015
<i>Dollars In Thousands</i>					
<b>LOANS AND RECEIVABLES</b>					
Cash and cash equivalents	14	15,520	15,520	14,021	14,021
Short term bank deposits		85,598	85,598	59,955	59,955
Trade and other receivables	15	18,693	18,693	16,131	16,131
Trade payables due from related parties	25	-	-	27	27
<b>OTHER LIABILITIES</b>					
Secured bank loans and overdrafts	17	(66,004)	(66,004)	(72,527)	(72,527)
Trade and other payables	20	(24,957)	(24,957)	(20,571)	(20,571)
Trade payables due to related parties	25	(2,137)	(2,137)	(667)	(667)
Loans due to related parties	25	(5,800)	(5,800)	(3,800)	(3,800)
		<b>20,913</b>	<b>20,913</b>	<b>(7,431)</b>	<b>(7,431)</b>
Unrecognised (losses) / gains		-	-	-	-

#### Estimation of fair values

The following summarises the major methods and assumptions used in estimating the fair values of financial instruments reflected in the table:

- Cash, accounts receivable, accounts payable and related party balances. The carrying amounts for these balances approximate their fair value because of the short maturities of these items.
- Borrowings. The carrying amounts for the borrowings represent their fair values because the interest rates are reset to market periodically, every 1 to 2 months.

### 22. Operating leases

#### Leases as lessee

The minimum amount payable under non-cancellable operating lease rentals are as follows:

<i>Dollars In Thousands</i>	Group	
	2016	2015
Less than one year	956	961
Between one and five years	3,029	3,450
More than five years	447	965
	<b>4,432</b>	<b>5,376</b>

The Group leases a number of hotels and motor vehicles under operating leases. The hotel leases typically run for a period of years, with an option to renew the lease after that date. Lease payments are increased regularly to reflect market rentals. Typically these leases include a base rent plus a performance related element which becomes payable if revenue exceeds a specified level.

During the year ended 31 December 2016, \$2.24 million was recognised as an expense in the income statement in respect of operating leases (2015: \$2.17 million).

### 23. Capital commitments

As at 31 December 2016, the Group had entered into contractual commitments for capital expenditure (\$13.58 million) and development expenditure (\$13.59 million) totalling \$27.17 million (2015: \$38.58 million capital expenditure and \$12.51 million development expenditure). The majority of the capital committed relates to the refurbishment of Copthorne Hotel Auckland Harbourcity (refer to Note 10).

### 24. Related parties

#### Identity of related parties

The Group has a related party relationship with its parent, subsidiaries (see Note 25), associates and with its directors and executive officers.

#### Transactions with key management personnel

Directors of the Company and their immediate relatives control 0.57% (2015: 0.71%) of the voting shares of the Company. There were no loans (2015: \$nil) advanced to directors for the year ended 31 December 2016. Key management personnel include the Board and the Executive Team.



# Millennium & Copthorne Hotels New Zealand Limited

## Notes to the Consolidated Financial Statements for the year ended 31 December 2016

### 24. Related parties – continued

#### Total remuneration for key management personnel

<i>Dollars In Thousands</i>	Group	
	2016	2015
Non-executive directors	231	260
Executive director	518	604
Executive officers	751	684
	<b>1,500</b>	<b>1,548</b>

Non-executive directors receive director's fees only. Executive director and executive officers receive short-term employee benefits which include a base salary and an incentive plan. They do not receive remuneration or any other benefits as a director of the Parent Company or its subsidiaries. Directors' fees are included in "administration expenses" (see Note 3) and remuneration for executive director and executive officers are included in "personnel expenses" (see Note 4).

### 25. Group entities

#### Control of the Group

Millennium & Copthorne Hotels New Zealand Limited is a 75.20% (2015: 75.20%) owned subsidiary of CDL Hotels Holdings New Zealand Limited which is a wholly owned subsidiary of Millennium & Copthorne Hotels plc in the United Kingdom. The ultimate parent company is Hong Leong Investment Holdings Pte Ltd in Singapore.

At balance date there were related party advances owing from/(owing to) the following related companies:

<i>Dollars In Thousands</i>	Nature of balance	Group	
		2016	2015
<b>Trade payables and receivables due to related parties</b>			
Millennium & Copthorne Hotels plc	Recharge of expenses	(558)	(667)
Millennium & Copthorne International Limited	Recharge of expenses	(31)	2
CDL Hotels Holdings New Zealand Limited	Recharge of expenses	(7)	25
CDLHT (BVI) One Ltd	Rent payment	(1,541)	-
		<b>(2,137)</b>	<b>(640)</b>
<b>Loans due to related parties</b>			
CDL Hotels Holdings New Zealand Limited	Inter-company loan	(5,800)	(3,800)
		<b>(5,800)</b>	<b>(3,800)</b>

No debts with related parties were written off or forgiven during the year. No interest was charged on these payables during 2016 and 2015. There are no set repayment terms. During this period costs amounting to \$250,000 (2015: \$250,000) have been recorded in the income statement in respect of fees payable to Millennium & Copthorne International Limited for the provision of management and marketing support.

On 7 September 2016, the Group commenced operations of the Grand Millennium Auckland under a management lease agreement with CDLHT (BVI) One Ltd, a subsidiary of CDL Hospitality Trusts Singapore. Under the accounting standards, the Group accounts for the results of the Grand Millennium Auckland on a net basis. The Group records the management, franchise and incentive incomes derived from the management of the hotel in the profit and loss. At the balance sheet date, there was an amount owing to CDLHT (BVI) One Ltd of \$1.54 million being rent payable with respect to the leasing of the property. During the 4 months' operation of the hotel, the Group received \$496,000 (2015: nil) in management, franchise, and incentive fees.

The loan due to CDL Hotels Holdings New Zealand Limited is interest bearing. The interest rates were fixed and range between 2.22% and 2.47% (2015: 2.47 to 3.06%).

During the year consulting fees of \$41,000 (2015: \$78,000) were paid to Bobb Management Pty Ltd of which Mr. R Bobb (Director) is a shareholder and director.

#### Associate companies

The associate companies included in the financial statements of Millennium & Copthorne Hotels New Zealand Limited as at 31 December 2016 are:

	Principal Activity	Principal Place of Business	Holding % by CDL Land New Zealand Limited 2016	Holding % by CDL Land New Zealand Limited 2015
Prestons Road Limited	Service provider	NZ	33.33	33.33

Prestons Road Limited has a 31 March balance date. No adjustment is made for the difference in balance date of Prestons Road Limited, because it has no revenue or profits to report.

# Millennium & Copthorne Hotels New Zealand Limited

## Notes to the Consolidated Financial Statements for the year ended 31 December 2016

### 25. Group entities - continued

#### Subsidiary companies

The principal subsidiary companies of Millennium & Copthorne Hotels New Zealand Limited included in the consolidation as at 31 December 2016 are:

	Principal Activity	Principal Place of Business	Group Holding % 2016	Group Holding % 2015
Context Securities Limited	Investment Holding	NZ	100.00	100.00
Copthorne Hotel & Resort Bay of Islands Joint Venture	Hotel Operations	NZ	49.00	49.00
<b>Quantum Limited</b>	Holding Company	NZ	100.00	100.00
100% owned subsidiaries of Quantum Limited are:				
Hospitality Group Limited	Holding Company	NZ		
100% owned subsidiaries of Hospitality Group Limited are:				
Hospitality Leases Limited	Lessee Company/Hotel Operations	NZ		
QINZ Anzac Avenue Limited	Hotel Owner	NZ		
Hospitality Services Limited	Hotel Operations/Franchise Holder	NZ		
<b>CDL Investments New Zealand Limited</b>	Holding Company	NZ	66.70	66.91
100% owned subsidiaries of CDL Investments New Zealand Limited are:				
CDL Land New Zealand Limited	Property Investment and Development	NZ		
<b>KIN Holdings Limited</b>	Holding Company	NZ	100.00	100.00
100% owned subsidiaries of KIN Holdings Limited are:				
Kingsgate Investments Pty Limited	Residential Apartment Developer	Australia		

All of the above subsidiaries have a 31 December balance date.

Although the Group owns less than half of the voting power of the Copthorne Hotel & Resort Bay of Islands Joint Venture, it is able to control the financial and operating policies of the Copthorne Hotel & Resort Bay of Islands Joint Venture so as to obtain benefits from its activities by virtue of an agreement with the other parties of the Joint Venture. Therefore, the results of the Joint Venture are consolidated from the date control commenced until the date control ceases.

### 26. Accounting estimates and judgements

Management discussed with the Audit Committee the development, selection and disclosure of the Group's critical accounting policies and estimates and the application of these policies and estimates.

#### Critical accounting judgements in applying the Group's accounting policies

Certain critical accounting judgements in applying the Group's accounting policies are described below.

#### Property, plant and equipment

The Group adopted a revaluation model of valuing land and buildings rather than the cost model. This results in any future decreases in asset values being charged in the income statement unless there is a surplus for that asset in the revaluation account in which case the decrease can be charged to equity.

Assessing whether individual properties are impaired may involve estimating the future cash flows expected to be generated by those properties. This will in turn involve assumptions, including expected rate of growth in revenue and costs, occupancy and average room rates and an appropriate discount rate, to apply when discounting future cash flows. With respect to the carrying value of the Harbour City work in progress assets which are held at cost, the Group have performed an impairment assessment in the current year to assess the recoverable amount. The methods used are in line with those described above.

The Group has one remaining property affected by the Christchurch earthquakes. In assessing the property for impairment the following assumption was made: the land underlying the property is not affected by liquefaction or other geological issues which prevent the reinstatement of the property.

#### Development property

The Group is also exposed to market fluctuations in the value of development properties. The carrying value of development properties is \$169.98 million (2015: \$178.88 million) while the fair value determined by independent valuers is \$375.12 million (2015: \$341.59 million).

In determining fair values, the valuers will also make assumptions relating to section prices, sell down periods, consumer confidence, unemployment rates, interest rates and external economic factors.



# Independent Auditor's Report

To the shareholders of Millennium and Copthorne Hotels New Zealand Limited

## Report on the consolidated financial statements

### Opinion

In our opinion, the accompanying consolidated financial statements of Millennium and Copthorne Hotels New Zealand Limited (the company) and its subsidiaries (the Group) on pages FIN 1 to FIN 27:

- i. present fairly in all material respects the Group's financial position as at 31 December 2016 and its financial performance and cash flows for the year ended on that date; and
- ii. comply with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

### We have audited the accompanying consolidated financial statements which comprise:

- the consolidated statement of financial position as at 31 December 2016;
- the consolidated income statement, statement of other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended; and
- notes, including a summary of significant accounting policies and other explanatory information.



### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ("ISAs (NZ)"). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the group in accordance with Professional and Ethical Standard 1 (Revised) Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our responsibilities under ISAs (NZ) are further described in the Auditor's Responsibilities for the Audit of the consolidated financial statements section of our report.

Our firm has also provided other services to the group in relation to taxation compliance and tax advisory services. Subject to certain restrictions, partners and employees of our firm may also deal with the group on normal terms within the ordinary course of trading activities of the business of the group. These matters have not impaired our independence as auditor of the group. The firm has no other relationship with, or interest in, the group.



### Materiality

The scope of our audit was influenced by our application of materiality. Materiality helped us to determine the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually



and on the consolidated financial statements as a whole. The materiality for the consolidated financial statements as a whole was set at \$2.8 million determined with reference to a benchmark of group profit before tax. We chose the benchmark because, in our view, this is a key measure of the group's performance.



## Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements in the current period. We summarise below those matters and our key audit procedures to address those matters in order that the shareholders as a body may better understand the process by which we arrived at our audit opinion. Our procedures were undertaken in the context of and solely for the purpose of our statutory audit opinion on the consolidated financial statements as a whole and we do not express discrete opinions on separate elements of the consolidated financial statements.

### The key audit matter

### How the matter was addressed in our audit

#### 1. Harbour City Hotel redevelopment

Refer to note 10 of the consolidated financial statements.

During the current financial year the Harbour City Hotel has been closed while it undergoes a full redevelopment. The redevelopment is a multi-year project to be completed by a third party contractor. The redevelopment project has a budgeted cost of \$42m.

There is significant judgement required to determine the current value of the hotel while under redevelopment, as well as the expected fair value at completion. This is due to potential unbudgeted costs and the possibility of the total redevelopment costs exceeding fair value.

Our procedures focused on obtaining evidence to support the recoverable value at both balance date and upon completion of the redeveloped hotel.

Management prepared an internal "upon completion" valuation for the Harbour City Hotel. In addition, they engaged an external valuer to prepare an "upon completion" and an "as at 31 December 2016" valuation for the Hotel. This exercise resulted in a range of valuations for the recoverable value of the hotel. We challenged these valuations by comparing projected post redevelopment revenue and profits to historical trends and market data achieved by similar quality rated hotels in the Auckland region. We also compared key valuation assumptions including discount rates and terminal multipliers to historical rates and those used by the independent valuer for other hotels in the portfolio. We then performed sensitivity analyses, considering a range of possible outcomes based on various scenarios. We used our own valuation specialist to assess the appropriateness of the external valuation.

In addition to the above procedures, we specifically assessed the recoverable value at balance date by understanding the stage of completion and costs to complete. We did this by examining the construction contract and budgeted costs of the redevelopment and completing a site inspection of the redevelopment including discussions with the project manager and reviewing the latest progress claims verified by the quantity surveyor. We compared costs incurred to date to the original redevelopment budget to identify the extent of any unbudgeted costs incurred.

We consider the approach taken by the group was reasonable and the estimates and assumptions used were supported by the available evidence.

We found the valuations were sensitive to changes in projected cash flows, primarily occupancy rates, room rates and food and beverage. There are scenarios that could arise that would result in a potential impairment in the future, however given the status of redevelopment we did not identify sufficient evidence for an impairment to be required





## The key audit matter

## How the matter was addressed in our audit

as at 31 December 2016. We consider there to be some risk going forward if the hotel does not generate the results anticipated.

### 2. Valuation of Hotel Land and Building assets

Refer to note 10 of the consolidated financial statements.

Land and buildings of \$365m (representing 51% of assets) are recognised at fair value in the financial statements. To establish fair value, each hotel is required to undergo an independent valuation on a tri-annual basis. In the intervening years, management complete an impairment assessment.

The valuations and impairment assessments are based on future cashflow forecast models and available market data which have a number of assumptions built into the models. The key assumptions (including forecast growth, occupancy rates and revenue per available room) are inherently judgemental and consequently a change in the assumptions could have a material impact on the valuations.

Our procedures on the independently valued hotels involved using our own valuation specialist to assist us in assessing the appropriateness of the valuation model used, including compliance with relevant accounting standards and alignment to market practice. Our valuation specialists also assisted us to assess the scope of work performed, competency, professional qualifications and experience of the external expert engaged by the group. We challenged the key assumptions used within each valuation in determining the fair value of these hotel assets. This included a comparison of occupancy rates, revenue per available room, market growth and expected inflation with externally derived data including external hotel industry reports. We also performed our own assessment of other key inputs such as estimated future costs, discount rates and terminal multipliers, and considered the external expert's estimates with historical hotel performance. We performed sensitivities and break-even analysis on the key assumptions. Our testing indicated that the estimates and assumptions used were justified in the context of the group's property portfolio.

The hotels not within the tri-annual valuation cycle were assessed for impairment by management. We considered management's impairment assessment of each hotel's recoverable amount. This included comparing actual hotel performance to previous forecasts. Based on this analysis one hotel warranted a detailed impairment review. For this hotel we challenged the key assumptions used in determining the recoverable amount of the hotel asset. We also considered future forecasts, comparing these to internal plans and external market information. Our testing indicated that the estimates and assumptions used were justified in the context of the group's property portfolio.

## Other Information

The Directors, on behalf of the group, are responsible for the other information included in the entity's Annual Report. Other information may include the Chairman's review, Managing Director's review, and disclosures relating to corporate governance, sustainability and hotel ownership. Our opinion on the consolidated financial statements does not cover any other information and we do not express any form of assurance conclusion thereon.

The Annual Report is expected to be made available to us after the date of this audit report. Our responsibility is to read the Annual Report when it becomes available and consider whether the other information it contains is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit, or otherwise appear misstated. If so, we are required to report such matters to the Directors.



## Use of this Independent Auditor's Report

This report is made solely to the shareholders as a body. Our audit work has been undertaken so that we might state to the shareholders those matters we are required to state to them in the Independent Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the shareholders as a body for our audit work, this report, or any of the opinions we have formed.



## Responsibilities of Directors for the consolidated financial statements

The Directors, on behalf of the group, are responsible for:

- the preparation and fair presentation of the consolidated financial statements in accordance with generally accepted accounting practice in New Zealand (being New Zealand Equivalents to International Financial Reporting Standards) and International Financial Reporting Standards;
- implementing necessary internal control to enable the preparation of a consolidated set of financial statements that is fairly presented and free from material misstatement, whether due to fraud or error; and
- assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations, or have no realistic alternative but to do so.



## Auditor's Responsibilities for the Audit of the consolidated financial statements

Our objective is:

- to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error; and
- to issue an Independent Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs NZ will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of these consolidated financial statements is located at the External Reporting Board (XRB) website at:

[https://www.xrb.govt.nz/Site/Auditing\\_Assurance\\_Standards/Current\\_Standards/Page1.aspx](https://www.xrb.govt.nz/Site/Auditing_Assurance_Standards/Current_Standards/Page1.aspx)

This description forms part of our Independent Auditor's Report.

**Jason Doherty**  
For and on behalf of  
KPMG  
Auckland  
17 February 2017

## REGULATORY DISCLOSURES

### 20 LARGEST ORDINARY SHAREHOLDERS (as at 28 February 2017) (Listing Rule 10.4.5(b))

Rank	Name	Units	%
1.	CDL HOTELS HOLDINGS NEW ZEALAND LIMITED	74,139,077	70.22
2.	BNP PARIBAS NOMINEES (NZ) LIMITED - NZCSD	5,962,409	5.65
3.	HSBC NOMINEES (NEW ZEALAND) LIMITED A/C STATE STREET -NZCSD <HKBN45>	5,390,326	5.11
4.	ZETA BETA LIMITED	2,796,157	2.65
5.	NATIONAL NOMINEES NEW ZEALAND LIMITED - NZCSD <NNLZ90>	2,033,737	1.93
6.	SKY HILL LIMITED	1,648,494	1.56
7.	ACCIDENT COMPENSATION CORPORATION - NZCSD <ACCI40>	1,612,067	1.53
8.	GUARDIAN NOMINEES NO 2 A/C WESTPAC W/S ENHANCED CASH TRUST - NZCSD <W09340>	1,432,897	1.36
9.	CITIBANK NOMINEES (NEW ZEALAND) LIMITED - NZCSD <CNOM90>	1,261,768	1.20
10.	LENG BENG KWEK	906,000	0.86
11.	AMALGAMATED DAIRIES LIMITED	684,980	0.65
12.	HONG REN WONG	604,000	0.57
13.	KAY HONG CHIAM	475,251	0.45
14.	MFL MUTUAL FUND LIMITED - NZCSD <MFLA90>	363,297	0.34
15.	CUSTODIAL SERVICES LIMITED <A/C 6>	272,227	0.26
16.	JALAER INVESTMENTS LIMITED	264,977	0.25
17.	STEPHEN JOHN LOBB + NICOLETTA MARIA BARTOLI	179,447	0.17
18.	ASB NOMINEES LIMITED <707112 A/C ML>	169,653	0.16
19.	CASTLE POINT FUNDS - NZCSD	169,275	0.16
20.	GEOK LOO GOH	168,002	0.16

NZCSD is the New Zealand Central Securities Depository and provides a custodial depository service to its clients and does not have a beneficial interest in the shares held in its name.

### 20 LARGEST REDEEMABLE PREFERENCE SHAREHOLDERS (as at 28 February 2017) (Listing Rule 10.4.5(b))

Rank	Name	Units	%
1.	CDL HOTELS HOLDINGS NEW ZEALAND LIMITED	44,922,095	85.18
2.	BNP PARIBAS NOMINEES (NZ) LIMITED - NZCSD	2,945,671	5.59
3.	ACCIDENT COMPENSATION CORPORATION - NZCSD <ACCI40>	1,141,441	2.16
4.	GUARDIAN NOMINEES NO 2 A/C WESTPAC W/S ENHANCED CASH TRUST - NZCSD <W09340>	1,028,474	1.95
5.	LENG BENG KWEK	453,000	0.86
6.	HSBC NOMINEES (NEW ZEALAND) LIMITED A/C STATE STREET -NZCSD <HKBN45>	438,332	0.83
7.	HONG REN WONG	302,000	0.57
8.	KAY HONG CHIAM	211,324	0.40
9.	NATIONAL NOMINEES NEW ZEALAND LIMITED - NZCSD <NNLZ90>	200,226	0.38
10.	ZETA BETA LIMITED	144,427	0.27
11.	ASB NOMINEES LIMITED <707112 A/C ML>	136,425	0.26
12.	MFL MUTUAL FUND LIMITED - NZCSD <MFLA90>	100,000	0.19
13.	VINCENT WEE ENG YEO	75,500	0.14
14.	THEODORE JOHN VAN GELDERMALSEN + MARGARET GAY FREEMANTLE <GOLDEN DOWNS S/F A/C>	35,000	0.07
15.	HOWARD CEDRIC ZINGEL	31,592	0.06
16.	JIAHUAN FU	30,400	0.06
17.	FIRST NZ CAPITAL SECURITIES LIMITED	30,302	0.06
18.	MARGARET LEILA GEORGE	30,300	0.06
19.	STEPHEN JOHN LOBB + NICOLETTA MARIA BARTOLI	30,200	0.06
20.	JOAN LESLEY THOMPSON	30,200	0.06

NZCSD is the New Zealand Central Securities Depository and provides a custodial depository service to its clients and does not have a beneficial interest in the shares held in its name.

### HOLDINGS SIZE – ORDINARY SHARES (as at 28 February 2017)

Range	Total Holders	Number of shares	Percentage of Issued Capital
1 - 99	4	207	0.00
100 - 199	24	3,740	0.00
200 - 499	493	170,667	0.16
500 - 999	346	246,504	0.23
1,000 - 1,999	215	308,317	0.29
2,000 - 4,999	210	634,867	0.60
5,000 - 9,999	85	604,965	0.57
10,000 - 49,999	71	1,450,860	1.37
50,000 - 99,999	10	689,386	0.65
100,000 - 499,999	12	2,312,972	2.19
500,000 - 999,999	3	2,194,980	2.08
1,000,000+	4	96,960,825	91.84
Rounding	-	-	0.02
<b>Total</b>	<b>1,477</b>	<b>105,578,290</b>	<b>100.00</b>

## HOLDINGS SIZE – REDEEMABLE PREFERENCE SHARES (as at 28 February 2017)

Range	Total Holders	Number of shares	Percentage of Issued Capital
100 - 199	43	6,679	0.01
200 - 499	43	13,101	0.02
500 - 999	29	20,031	0.04
1,000 - 1,999	22	30,940	0.06
2,000 - 4,999	13	47,330	0.09
5,000 - 9,999	12	84,791	0.16
10,000 - 49,999	19	425,676	0.81
50,000 - 99,999	1	75,500	0.14
100,000 - 499,999	5	1,247,176	2.36
1,000,000+	2	50,788,319	96.30
Rounding	-	-	0.01
<b>Total</b>	<b>189</b>	<b>52,739,543</b>	<b>100.00</b>

## DOMICILE OF ORDINARY SHAREHOLDERS (as at 28 February 2017)

	Number	Number of shares	Percentage of Issued Capital
New Zealand	1,370	98,255,139	93.06
Overseas holders	107	7,323,151	6.94
<b>Total</b>	<b>1,477</b>	<b>105,578,290</b>	<b>100.00</b>

## DOMICILE OF REDEEMABLE PREFERENCE SHAREHOLDERS (as at 28 February 2017)

	Number	Number of shares	Percentage of Issued Capital
New Zealand	171	51,451,626	97.56
Overseas holders	18	1,287,917	2.44
<b>Total</b>	<b>189</b>	<b>52,739,543</b>	<b>100.00</b>

## WAIVERS FROM NZX LIMITED

On 24 March 2016, NZX Limited (**NZX**) granted the Company a waiver from NZX Main Board Listing Rule (**Listing Rule**) 5.2.3 in respect of its preference shares for a period of twelve months from 25 March 2016 (the **Preference Shares Waiver**). Listing Rule 5.2.3 provides that a class of securities will generally not be considered for quotation unless those securities are held by at least 500 members of the public, holding at least 25% of the number of securities of the class issued, with each member holding at least a minimum holding.

NZX granted the Preference Shares Waiver on the following conditions:

- that the Directors of the Company certify to NZXR, in a form acceptable to NZXR, that allowing the Preference Shares to remain quoted is in the best interests of holders of the Preference Shares;
- that the Company clearly and prominently discloses the waiver, its conditions, and the implications in its half-year and annual reports;
- that the Company consistently monitors the total number of Members of the Public holding Preference Shares and the percentage of Preference Shares held by Members of the Public holding at least a Minimum Holding and provides NZXR with quarterly updates from the date the waiver is granted during the period of the waiver, such updates to be provided to NZXR within ten business days of the end of each quarter; and
- that the Company notifies NZXR as soon as practicable if there are any material changes to the total number of Members of the Public holding Preference Shares, and/or the percentage of Preference Shares held by Members of the Public.

On 15 April 2016, NZX also granted the Company a waiver from Listing Rule 5.2.3 in respect of its ordinary shares for a period of twelve months from 15 April 2016 (the **Ordinary Shares Waiver**).

NZX granted the Ordinary Shares Waiver on the following conditions:

- that the Company clearly and prominently discloses the waiver, its conditions and the implications in its half-year and annual reports and in any offering documents relating to any offer of securities undertaken by the Company during the period of the waiver;
- that the Company notifies NZX Regulation of any material change to the spread of its ordinary shares; and
- that the Company consistently monitors the spread of its ordinary shares and provides NZX Regulation with quarterly updates during the period of the waiver.

The implication of these waivers is that the Company's preference and ordinary shares may not be widely held and there may be reduced liquidity in both classes of shares.

## SUBSTANTIAL PRODUCT HOLDERS

As at 31 December 2016, the substantial product holders in the Company are noted below:

	Securities	Class	%
CDL Hotels Holdings New Zealand Limited	74,139,077	Ordinary Shares	70.22%
Aberdeen Asset Management Asia Limited	5,962,409	Ordinary Shares	5.65%
Aberdeen Asset Management Limited	5,376,012	Ordinary Shares	5.09%

CDL Hotels Holdings New Zealand Limited is a wholly owned subsidiary of Millennium & Copthorne Hotels plc. As at 1 March 2017, the total number of issued voting securities of Millennium & Copthorne Hotels New Zealand Limited (all of which are ordinary shares) was 105,578,290. The Company holds 99,547 repurchased ordinary shares as treasury stock. The total number of non-voting redeemable preference shares was 52,739,543. As these securities are non-voting securities, there is no requirement to provide substantial product holder notices.



## STATUTORY INFORMATION

### **DIRECTORS** (section 211 (1)(i) Companies Act 1993)

As at 31 December 2016, the Company's Directors were Messrs HR Wong, BK Chiu, ATS Lee, K Hangchi, R Bobb and GA McKenzie. Mr K Hangchi was appointed to the Board effective 1 January 2016 replacing Mr VWE Yeo who retired on 31 December 2015.

### **INTERESTS REGISTER** (sections 189 (1) (c) and 211(1)(e) Companies Act 1993)

The Company maintains an Interests Register as required under the Companies Act 1993. For the period under review, the following entries were recorded:

### **USE OF COMPANY INFORMATION** (section 145 Companies Act 1993)

During 2016, the Board did not receive any notices from any Directors of the Company requesting the use of company information which they would have received in their capacity as Directors which would not otherwise have been available to them.

### **SHARE DEALING** (section 148, Companies Act 1993)

No share dealings by Directors occurred during 2016.

### **DIRECTORS' AND ASSOCIATED PERSONS SHAREHOLDINGS** (as at 31 December 2016)

Director	2015	2016
HR Wong	604,000	604,000
B K Chiu	Nil	Nil
ATS Lee	Nil	Nil
K Hangchi	Nil	Nil
R Bobb	Nil	Nil
GA McKenzie	Nil	Nil
VWE Yeo (*)	151,000	151,000

(\*) Mr VWE Yeo retired from the Company on 31 December 2015.

### **REMUNERATION** (section 161 and 211(1)(f), Companies Act 1993)

The total remuneration and value of other benefits earned received by each of the Directors of the Company for the year ending 31 December 2016 was:

Director	Remuneration
HR Wong	Nil
B K Chiu (*)	518,336
ATS Lee (*)	Nil
K Hangchi	35,000
R Bobb	42,000
GA McKenzie	38,500

(\*) Mr ATS Lee was Chief Executive and Executive Director of Millennium & Copthorne Hotels plc during this period and Mr BK Chiu an employee of the Company. None of these persons received remuneration as a director of the Company or of any of the Company's subsidiaries.

### **INDEMNITY AND INSURANCE** (section 162, Companies Act 1993)

In accordance with the Company's constitution, the Company has insured all its Directors and the Directors of its subsidiaries against liabilities to other parties (except the Company or a related party of the Company) that may arise from their positions as Directors. The insurance does not cover liabilities arising from criminal actions.

### **GENERAL DISCLOSURES OF INTEREST** (section 140(2), Companies Act 1993)

As at 31 December 2016, the Directors of the Company have made general disclosures of interest in the following companies:

#### **HR WONG**

<i>Chairman / Director of:</i> M&C Business Trust Management Limited	Beijing Fortune Hotel Co. Ltd. M&C REIT Management Limited	CDL Investments New Zealand Limited
<i>Director of:</i> Chancery Ltd Sceptre Hospitality Resources, LLC	Alpha Chance Holdings Limited RSF Carolina Partners, LLC Sceptre Hospitality Resources Pte. Ltd	CDL Hotels (Singapore) Pte Ltd RSF Syracuse Partners, LLC SWAN Holdings Limited
<i>Commissioner of:</i>	PT. Millennium Sirih Jakarta Hotel	

#### **ATS LEE**

<i>Chairman / President/ Director of:</i> <i>Director / President of:</i>	Grand Plaza Hotel Corporation The Philippine Fund Limited	
<i>Director / Representative Director of:</i>	CDL Hotels (Korea) Ltd	
<i>Executive Director / Chief Executive Officer of:</i>	Millennium & Copthorne Hotels plc	
<i>Director of:</i> CDL Entertainment & Leisure Pte Ltd City Elite Pte Ltd First Sponsor Group Limited Hospitality Holdings Pte Ltd M&C Hotels Holdings Japan Pte. Ltd Republic Iconic Hotel Pte Ltd	CDL Investments New Zealand Limited CDL Hotels (Labuan) Limited City Century Pte Ltd Harbour Land Corporation Hong Leong Hotel Development Limited M&C Hotels Japan Pte. Ltd Rogo Realty Corporation	CDL Hotels Japan Pte. Ltd Fena Estate Company Limited Harrow Entertainment Pte Ltd M&C Hotel Investments Pte. Ltd Millennium & Copthorne International Limited Tomorrow City (Singapore) Pte Ltd
<i>President / Commissioner of:</i>	PT. Millennium Hotels & Resorts	

#### **K HANGCHI**

<i>Director of:</i> Millennium Securities Pte Ltd KIN Holdings Limited Singapore Nominees Private Limited	Hong Leong Nominees (Private) Limited Sun Yuan Holdings Pte Ltd CDL Hotels Holdings New Zealand Limited Hong Leong Finance Limited	Millennium Securities Nominees Pte Ltd Sun Yuan Overseas Pte Ltd Hong Leong Finance Nominees Pte Ltd
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#### **BK CHIU**

<i>Chairman / Director of:</i>	Quantum Ltd	Waitangi Resort Joint Venture Committee
<i>Director of:</i> CDL Investments New Zealand Ltd Hospitality Leases Ltd Millennium & Copthorne Hotels Ltd	All Seasons Hotels & Resorts Ltd Context Securities Ltd Hospitality Services Ltd QINZ Holdings (New Zealand) Ltd	CDL Land New Zealand Ltd Hospitality Group Ltd Kingsgate Hotels & Resorts Ltd QINZ (Anzac Avenue) Ltd

#### **R BOBB**

<i>Director of:</i> Birkenhead Investments Pty Ltd Elysium Capital Limited Hotelcorp New Zealand Pty Ltd Kingsgate Investments Pty Ltd RAB Capital Pty Ltd	Bobb Management Pty Ltd Bobb Nominees Pty Ltd EquiOptions Pty Ltd Kingsgate Hotel Pty Ltd Melmark Securities Pty Ltd. Star Securities Australia Pty Ltd	Birkenhead Holdings Pty Ltd Continental Investments Pty Ltd Furscarbo Pty Ltd Kingsgate Holdings Pty Ltd Millennium & Copthorne Hotels Pty Ltd. Trans National Properties Ltd
<i>Consultant to:</i>	Richard A Bobb Chartered Accountants	

#### **GA MCKENZIE**

<i>Director of:</i> Luxottica Retail New Zealand Ltd	CMO Energy NZ McHarry Holdings Ltd	GMACK Consulting Ltd Redbank Energy (NZ) Limited
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**EMPLOYEE REMUNERATION** (section 211(1) (g) Companies Act 1993)

The number of employees or former employees of the Company and its subsidiaries (excluding publicly listed subsidiaries) who received remuneration and any other benefits in their capacity as employees, the value of which was or exceeded \$100,000 per annum in 2016 are as follows:

Remuneration and value of other benefits	Number of employees
100,001 – 110,000	2
110,001 – 120,000	5
140,001 – 150,000	3
160,001 – 170,000	2
170,001 – 180,000	3
180,001 – 190,000	1
190,001 – 200,000	3
210,001 – 220,000	1
320,001 – 330,000	1
510,001 – 520,000	1

**DONATIONS** (section 211(1)(h) and (2))

The Company and its subsidiaries made donations to charity totalling \$508.69 during the year.

**AUDIT FEES** (section 211(1)(j) and (2))

During the period under review, the following amounts were payable to the external auditors KPMG:

	2015 (\$'000)		2016 (\$'000)	
	New Zealand	Australia	New Zealand	Australia
Annual Audit	297	25	271	23
KPMG Other Services	122	Nil	132	Nil

**SUBSIDIARY COMPANIES AND DIRECTORS** (section 211(2) of the Companies Act 1993)

The Company's subsidiaries and their directors as at 31 December 2016 are listed below:

NAME	DIRECTORS	OWNERSHIP	ACTIVITY
All Seasons Hotels and Resorts Ltd	BK Chiu, JB Pua	100%	Non-trading
Birkenhead Holdings Pty Ltd	R Bobb, JB Pua	100%	Holding Company (Australia)
Birkenhead Investments Pty Ltd	R Bobb, JB Pua	100%	Holding Company (Australia)
CDL Investments New Zealand Ltd (#)	HR Wong, RJ Austin, BK Chiu, J Henderson, ATS Lee, VWE Yeo	66.70%	Holding Company
CDL Land New Zealand Ltd	BK Chiu, DJ Lindsay, JB Pua	66.70%	Property Investment & Development Company
Context Securities Ltd	BK Chiu, JB Pua	100%	Investment Holding Company
Hospitality Group Ltd	BK Chiu, N Hood^, KF Luxon	100%	Holding Company
Hospitality Leases Ltd	BK Chiu	100%	Lessee Company
Hospitality Services Ltd	BK Chiu, KF Luxon, JB Pua	100%	Hotel Management Company
Hotelpcorp New Zealand Ltd	R Bobb, JB Pua	100%	Holding Company (Australia)
KIN Holdings Ltd	JB Pua, K Hangchi*	100%	Holding company
Kingsgate Holdings Pty Ltd	R Bobb, JB Pua	100%	Holding Company
Kingsgate Hotels And Resorts Ltd	BK Chiu, JB Pua	100%	Franchise Holder
Kingsgate Hotels Ltd	JB Pua	100%	Non-trading
Kingsgate Hotel Pty Ltd	R Bobb, JB Pua	100%	Non-trading (Australia)
Kingsgate Investments Pty Ltd	R Bobb, JB Pua	100%	Residential Apartment Owner (Australia)
Kingsgate International Corporation Ltd	JB Pua	100%	Holding Company
Millennium & Copthorne Hotels Ltd	BK Chiu, JB Pua	100%	Non-trading
Millennium & Copthorne Hotels Pty Ltd	R Bobb, JB Pua	100%	Non-trading (Australia)
QINZ (Anzac Avenue) Ltd	BK Chiu, JB Pua	100%	Hotel Owner
QINZ Holdings (New Zealand) Ltd	BK Chiu, JB Pua	100%	Holding Company
Quantum Ltd	BK Chiu, KF Luxon, JB Pua	100%	Holding company

(#) Listed on the New Zealand Stock Exchange

-- Where the directors of the Company's subsidiaries are employees of the Company, they do not receive any remuneration or other benefits as a director. Their remuneration and other benefits are received as employees and are included in the relevant banding under Employee Remuneration.

^ Mr T Ito retired as director of Hospitality Group Limited on 2 September 2016 and was replaced by Ms N Hood on the same date.

\* Mr K Hangchi was appointed as director to KIN Holdings Limited on 1 January 2016 replacing Mr VWE Yeo who retired as a director of KIN Holdings Limited on 31 December 2015 and Kingsgate International Corporation Limited on 1 January 2016.

--The following persons received remuneration as Directors of the Company's subsidiaries during 2016: VWE Yeo (\$30,000), RJ Austin (\$35,000), J Henderson (\$30,000).

#### BOARD OF DIRECTORS

Wong Hong Ren	(Chairman)
BK Chiu	(Managing Director)
Aloysius Lee	(Non-Executive Director)
Kevin Hangchi	(Non-Executive Director)
Richard Bobb	(Independent Director)
Graham McKenzie	(Independent Director)

#### SENIOR MANAGEMENT

Greg Borrageiro	(Director, Information Technology)
Troy Dandy	(Group Company Secretary & Legal Counsel)
Brendan Davies	(Director, International Sales & Marketing)
Craig Fletcher	(Director, Property Management)
Karl Luxon	(Vice President Operations)
Boon Pua	(Vice President Finance)
Kim-Marie Rixson	(Director, Human Resources)
Alison Smith	(National Director of Sales, Conferences and Incentives)
Josie Wilson	(National Distribution & Revenue Manager)

#### REGISTERED OFFICE & CONTACT DETAILS

Level 13, 280 Queen Street, Auckland, New Zealand  
PO Box 5640, Wellesley Street, Auckland 1141  
Telephone: (09) 353 5010  
Facsimile: (09) 309 3244  
Website: [www.millenniumhotels.com](http://www.millenniumhotels.com)  
Email: [sales.marketing@millenniumhotels.co.nz](mailto:sales.marketing@millenniumhotels.co.nz)

#### AUDITORS

KPMG, Auckland

#### BANKERS

ANZ Bank New Zealand Limited  
Hong Kong & Shanghai Banking Corporation Limited

#### SOLICITORS

Bell Gully

#### SHARE REGISTRAR

Computershare Investor Services Limited,  
Level 2, 159 Hurstmere Road, Takapuna,  
Private Bag 92119, Auckland 1020, New Zealand  
Telephone: +64 9 488 8700  
Facsimile: +64 9 488 8787  
email: [enquiry@computershare.co.nz](mailto:enquiry@computershare.co.nz)

#### STOCK EXCHANGE LISTING:

New Zealand Exchange (NZX)  
Company Code: MCK



#### HEAD OFFICE

Head Office Tel: (09) 353 5010  
Level 13, 280 Queen Street  
PO Box 5640, Wellesley St, Auckland

#### NATIONAL CONFERENCE OFFICE

Ph: 0800 4 MEETINGS (0800 4 633 846)  
Email: [meetings@millenniumhotels.co.nz](mailto:meetings@millenniumhotels.co.nz)  
[www.meetingsnz.co.nz](http://www.meetingsnz.co.nz)

#### SALES

Email: [sales.marketing@millenniumhotels.co.nz](mailto:sales.marketing@millenniumhotels.co.nz)  
International Sales Tel: (09) 353 5085  
Corporate Sales Auckland Tel: (09) 353 5010  
Corporate Sales Wellington Tel: (04) 382 0770

#### CENTRAL RESERVATIONS

Ph: 0800 808 228  
Email: [central.res@millenniumhotels.co.nz](mailto:central.res@millenniumhotels.co.nz)

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